Friday September 30 1988

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World News **Business Summary**

UN forces win Nobel view of world Peace Prize economy

The 1988 Nobel Peace Prize was awarded to the UN Peace-Keeping Forces, 40 years after the first UN contingent was sent to the Middle East. Secretary-General Javier Perez de Cuellar will receive the prize. Page 2 EC-Cuban relations The European Community and tre, with some streets blocked

> ALUMINIUM: Christopher Japan would be set up next year and that an LME author-ised warehouse might be set up in the US before mid-year.

blazing cars. Page 29

tlement in south-western Africa ended without agree ment on a timetable for Namibian independence and with-drawal of Cuban troops from

Seoul student strife South Korean students demonstrating in Seoul threw petrol bombs, chanted "Yankee Go Home" and accused President Roh Tae-woo's Government of using the Olympic Games to perpetuate division of the

Cuba agreed to establish diplo-

matic relations, marking a con-tinued improvement in rela-

tions between the EC and Comecon, the Eastern trading

Angola talks end

Angola. Page 6

Korean peninsula.

Talks aimed at a regional set-

SA police leave ban All police leave was cancelled in South Africa in the run-up to municipal elections on October 26, following 27 urban bomb blasts this month. The ANC appealed to European parliament to condemn the elections, saying they were likely to provoke violence.

Beirut split deepens Fears of Lebanese partition grew as most Christian MPs failed to join Syrian-backed Lebanese leaders at an "emergency national conference" to try and reconcile the two

overnments. Background.

Gaza funeral

医人名伊雷尔

At least two Palestinians were injured when Israeli forces opened fire on a demonstration accompanying the funeral of a prominent former mayor in the occupied Gaza Strip

Flood control talks Indian Prime Minister Raify Gandhi and President Hossein Mohammed Ershad of Bangladesh agreed to set up a joint flood control programme for

Brazii hijack

A lone hijacker shot dead the co-pilot and injured two crewmembers during a Brazilian domestic flight. The airliner was carrying 90 passengers.

Polish trip off Poland asked British Prime Minister Margaret Thatcher

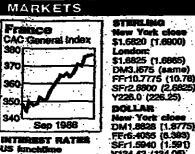
to postpone a scheduled visit to Warsaw amid official unease about her plans to meet Lech Walesa, leader of the Solidarity trade union. Page 2

Grain pact lapsed For the first time since Washington and Moscow signed a grain trade agreement 12 years ago, the five-year US-Soviet grain pact is about to lapse ptember 30 without a new

accord signed.

Tory_rebels Members of Mrs Thatcher's attack on her opposition to a so-called United States of Europe when Tory Euro MP Derek Prag told a European

Conservative Party joined the paritament committee that the speech included "massive



INTEREST RATES (8.2): 3-min Transury Bills:

eral Funds 83 Bond: 100 & (9933) yield: 8.09 (9.136)

London: DM1.8820 (1.878) FFr6.4050 (6.3925) SFr1.5930 (1.59) Y134.45 (134.2)

New York Comex \$401.6 (403.45)

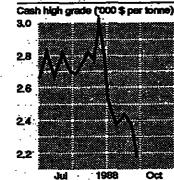
World: 124.95 (Wed) 27,700.13 (-51.88) 1,584.2 (+10) Brent 15-day (Argus) \$12,525 (-0.425) (Oct) West-Tex Crude \$13.97 (-0.215) (Nov)

IMF director gives upbeat

INTERNATIONAL Monetary Fund managing director Michel Camdessus closed the organisation's annual meeting in West Berlin with an upbeat assessment of prospects for improvements to the interna-tional monetary system. The last day of the joint IMF/World Bank gathering saw renewed demonstrations in the city cen

Green, London Metal Exchange chairman, said the first LME aluminium warehouses in

Aluminium



High grade aluminium for delivery in three months fell to \$2,060 a tonne at one stage, the lowest level for five and a half months, but recovered to end at \$2,107, down \$30.50 on the day. Cash high grade fell by \$35 to \$2,135 a tonne.

GRAND Metropolitan, UK food, drinks and leisure group, is negotiating to sell its Inter-Continental hotel chain to Seibu Saison, Japanese con-glomerate, for about £1.35bn (\$2.28bn) gross (£1.2bn after tax.) Page 21

ROBERT Maxwell, British pub-lisher, raised the stakes in the battle for Macmillan, US publishing house, by making an increased cash offer of \$90 a share and concurrently pursu-ing legal action against its management. Page 21 -

ROTIVGUES. French construction and communications group, was subject of intense speculation as mystery buyers acquired substantial blocks

of shares. Page 24

AEG. West Garman electrical and electronics group, reported group sales 10 per cent higher, at DM7.7bn (34.1bn), in the first eight months of 1968. Twelve month sales are forecast at over DM13bn, compared with DM11.7bn in 1987. Page 24

AIR AFRIQUE, multinational carrier owned by 10 Franco-phone west and central African states, is being banded over to French management to solve acute financial difficulties. Page 23

WESTLAND, UK helicopter maker, is being urged to drop legal action against the Arab Organisation of Industrialisation in return for a \$10n joint venture in Egypt producing a sophisticated multi-purpose helicopter. Page 8

FRENCH Government set an annual economic growth rate target of at least 2% per cent for next four years. Page 2

RRAZILIAN business and labour leaders are negotiating a commitment to join forces against an inflation rate standing at 24 per cent a month and still rising. Page 4

JAPAN'S industrial output grew 2.2 per cent in August, reversing July's 0.9 per cent contraction. Page 6

New York close

Dow Jones Ind. Av.

2,119.31 (+33.78)

S&P Comp 272.69 (+3.69) London:

FT-SE 100 1,829 (+16.5)

Discovery thunders aloft into a new era

WITH whoops and yells from WITH whoops and yells from elated spectators matching the throaty roar of its engines, the space shuttle Discovery blasted off yesterday from Cape Canaveral, returning US astronauts to space 32 trying months after the Challenger tragedy.

The faultless lift-off of the shuttle, which is carrying a crew of five, was delayed for 90 minutes only by fickle winds and came as an enormous relief to space officials and the relief to space officials and the American public. Many still wrestle with the spectre of the

fiery end to the previous shut-tle launch that killed seven

By Quentin Peel in Moscow

MR Mikhail Gorbachev, the

Soviet leader, appears set to make sweeping reforms in the next two days, after the sur-

prise announcement of an

emergency session of the country's Supreme Soviet, the

national parliament, to follow today's urgent plenary meeting of the Communist Party cen-

The combination of the two

events, announced at short notice, suggests that far from

facing a government crisis, the Soviet leader is about to push

through some of the party and

government reforms approved by last summer's extraordinary

The announcement of the Supreme Soviet session at two

days notice caught Soviet and

foreign observers by surprise. It was assumed that today's central committee meeting, called so suddenly that Mr

Eduard Sheyardnadze, the Soviet Fereign Minister, had to

out short his visit to the United Nations in New York, would simply be discussing the reform of the ruling party buseaucracy it is that reform

that could be proving highly

Soviet would only be sum-

moned to consider wider

issues, including any overhaul of the Soviet Government, or

to be presented with the detail of promised constitutional and

It certainly looks as if the Soviet leader is deliberately

forcing the pace of reform, and

keeping any potential oppo-nents off balance by giving

the

Supreme

However.

legal reform.

tral committee.

party conference.

Fletcher, head of National Aeronautics and Space Administration. He had led the agency and the shuttle through a complete overhaul of organi-sation and machinery to yesterday's resumption of US manned space flights.

"We're proud to be back," said Mr J. R. Thompson, director of Nasa's Marshall Space Centre responsible for propulsion systems including the solid fuel boosters which had destroyed the Chellon and the control of the c destroyed the Challenger. "It was one of the smoothest ones I've ever been to," he added. Discovery thundered aloft "This is the first flight into a shortly after 11.30am Florida

Gorbachev emergency

through key reforms

Moscow puts accent

Moscow is prepared to negotiate on its advantage in

tanks and artillery but only in exchange for cuts in Nato's strike aircraft. Marshal Sergei

Akhroneyev, Chief of the

Soviet General Staff, said that

Sovies General Stant, Sant that talks on conventional arms in Europe would be meaningless unless they dealt with offen-sive aircraft. Page 20

them no time to organise resis-

Observers in Moscow have noted that Mr Yegor Ligachev, the number two in the party hierarchy, and a far more con-

servative figure, has been absent from the public eye for the past three weeks, presum-

ably on holiday.

The fact that there is opposition to Mr Gorbachev's

reforms, both political and eco-

nomic, is no secret. Indeed the prospect of drastic cuts in the

Communist Party buseaucracy, and the replacement of large numbers of lower-level party

officials in current elections,

seems certain to provoke a new backlash.

Gorbachev will seek to attack the two levels of Soviet bureau-

cracy simultaneously. He plans

to axe large parts of full-time Communist Party bureaucracy,

particularly in the central com-

mittee's own apparatus, which acts as nothing less than a par-

allel executive to the Soviet

Soviet officials suggest that

One possibility is that Mr

on Nato aircraft

time, riding a pillar of orange flame and white smoke. As it disappeared briefly into a cloud shortly after take-off, a spectator anxiously yelled "Come out, come out!" It did moments later as it roared into

space.
Two minutes after lift-off, the orbiter separated from its solid fuel boosters, passing the critical phase that had doomed Challenger. Half an hour later, its main engines gave their final burn, kicking the space craft into orbit on the start of a fear day wisches. four-day mission. Although the day had

dawned brilliantly with apparently perfect weather condi-

the present 29 or 30 separate

departments in the central committee bureaucracy will be

cut right back to nine or 10, with the casualties being those which shadow government ministries like agriculture, and

light and heavy industry. A

senior central committee offi-cial said yesterday that the party should not oversee

day-to-day executive functions.
"At present the party is supervising everything but is not

responsible for anything," he

It would make the pill of

reform easier for the party hierarchy to swallow if he were

simultaneously to introduce further reforms in the govern-

ment ministries - slimming down the huge number of sepa-

rate departments, and the size

of the Council of Ministers.

Another possibility is that
the two meetings will see
important changes in membership of the ruling Politburo.

aged 79, is one possible casualty, although he is still widely

respected in the party in spite

nev years, is a second ageing member who was openly critic-

ised at the June party confer-

KGB, the state security ser-

vice. Continued on Page 20

tions, the launch was delayed by adverse conditions aloft.
Gentle spring winds almost
proved more than a match for
the mighty engines of Discov-

ery.
The shuttle's navigational computers, programmed for strong west-north-west winds that almost always sweep high over Florida's Atlantic coast during the autumn, could not cope with the light breezes. If Discovery had been launched, the computers would have over-compensated for the spring-like weather and steered the shuttle well off course. Nature briefly undid what man had almost perfectly prepared. The shuttle had ticked like clockwork through the long countdown. The biggest hitch was a faulty fan in the bulky flight suit of Col Richard Covey, the shuttle's pilot. He sweated until the fuse was

Nasa officials expressed

delight with the smooth operations, particularly as the launch was considered a test flight because of the hundreds of major changes to the shuttle in its \$2.4bn redesign

More than half a million peo-

ple had poured into the Cape Canveral area in recent days, eager to witness the revival of the US space programme.

Commission may meeting likely to push back UK fight for Nissan trade

By Will Dawkins in Brussels and Kevin Done in London

THE EUROPEAN Commission is expected to back the UK Government's fight to gain free access to the French market for cars built in the UK by Nis-san, the Japanese vehicle maker.

Commission officials' indications of support came in response to a letter sent yesterday by Lord Young, UK Secretary of State for Trade and Industry to Lord Cockfield, BC Commissioner for the internal market, asking the Commission to intervene in the threemonth row between London

and Paris.
The conflict has intensified this week, as Nissan begins production today of its first Bluebird models for export to continental European markets. The French Government is insisting that the UK-built Bluehirds be treated as Japa-

nese produced cars and be included, therefore, under its unilaterally imposed quota, which restricts Japanese cars to a 3 per cent share of the French car market, until the Nissan products reach at least 80 per cent local EC content.

which can be approved by the central committee plenum. President Andrei Gromyko, The UK Government had earlier agreed with Nissan that the cars produced in Sunderof having served in all the land would be treated as UK now-discredited administra-tions of Stalin, Khrushchev and Brezhnev. Mr Mikhail level of 60 per cent local content. Nissan reached this level Solomentsey, chairman of the party control committee, and another stalwart of the Brezhat the beginning of this year. "The claimed right to market UK-assembled Nissan cars freely in the EC appears to be legitimate if seen against exist-ing Community practice," said ence, along with Mr Viktor Chebrikov, chairman of the an EC official.

Meetings between French and British officials have failed to make any progress towards solving the dispute.

In letters to both Lord Cock-

field and Mr Roger Fauroux. French Industry Minister, Lord Young yesterday spelled out that the French stance was Britain, which has helped

finance the Japanese car maker's assembly plant in Sun-derland in the north-east of England, has made clear that it has "every sympathy with Nissan's position".

The row between London and Paris has brought to the surface deep differences among European vehicle makers about the best way of dealing with Japanese car imports and the setting up in Europe of Japanese vehicle assembly

Lord Young has urged the Commission to declare that cars with 60 per cent local con-tent should be counted as ECmade, in line with the level it recommended after a similar row in 1982 when the Italian Government tried to restrict imports from the UK of Triumph Acclaims, assembled under licence from Honda by British Leyland and rebadged as BL cars.

His appeal is based on Article 30 of the Treaty of Rome, the EC's constitution,

imports between members.
This row is highly sensitive because the UK Government made a considerable effort to attract Nissan, the first Japanese car maker to build a big plant in the EC - and the outcome will affect other Japanese car groups' plans to do the

Row touches raw nerve, Page 8; trading places for the future, Page 24

Piper Alpha disaster blamed on safety 'breakdown'

By Steven Butler in

A FAILURE of safety procedures and equipment on the Piper Alpha oil production platform in the North Sea was yesterday blamed for the July 6 disaster that claimed 167 lives in the worst accident in

oil industry history.

The Department of Energy's interim report on the technical causes of the disaster said the likely initial cause was a leak in a gas condensate pump the control room was unaware was

being repaired.
The report then describes the failure of virtually every emergency system on the plat-

form.

The findings are likely to be a severe embarrassment to the offshore oil industry and will add to calls for more stringent

safety procedures.

Mr John Prescott, energy spokesman for the opposition Labour Party, immediately demanded the setting-up of an independent safety inspectorate. He said the report "revealed a lack of safety awareness and demonstrated the urgent need for an independent and immediate review of the safety techniques and apparatus that are applied throughout the North Sea."
He also accused the Depart-

ment of Energy of covering up "inadequate maintenance and unsafe working practices" at Piper Alpha following an explosion on the platform in 1984. A report on the incident has been made available to Lord Cullen, who is heading the public inquiry into this year's disas-

Mr Jim Petrie, who heads the Department of Energy's investigation, yesterday called for North Sea operators to begin an immediate reap-praisal of safety systems and procedures, including the control of on platform maintenance work, automatic firefighting systems, the working of life-rafts, evacuation routes and the integrity of emergency

The initial blast on the platform was severe enough to destroy a fire wall to the platately knocking it out of action. Emergency power supplies did not start up and emergency

lighting gave out quickly.

Dousing and sprinkling equipment also failed to operate. The automatic equipment had been switched off because of diving activity near the plat-Continued on Page 20

Frightful failures on Piper Alpha platform, Page 10

Olivetti unveils reorganisation to tackle 'market realities'

By Alan Friedman in Ivrea, Piedmont

OLIVETTI, the Italian office automation concern, yesterday unveiled a sweeping corporate reorganisation which divides the group into three separate operating divisions and reshuffles top management.

Mr Carlo De Benedetti, the

Olivetti chairman, said the restructuring was "a logical response to the realities of the world information technology Mr De Benedetti said he

planned to devote more time to the company and may increase his equity stake from its pres-ent 18:14 per cent.

Mr. Vittorio Cassoni, the for-mer American Telephone and Telegraph executive who is now group managing diretor at Olivetti, said the company was

feeling the general squeeze on margins and must therefore improve its structure to achieve better value-added profits."

The reorganisation, to take place next January, will see Olivetti split into a holding

company and three business divisions in the areas of office products, computers and related systems and services. A fourth unit will specialise in new technologies.

The first new unit, Olivetti Office, will group consumer products such as typewriters, other value-added services.

calculators, cash registers, printers, copiers and office furniture. The second division, Olivetti Systems & Networks, will address the data process-ing market and will cover per-Olivetti Information Services Mr De Benedetti said yester-day the aim of the reorganisa-

tion was to create a "more effi-

cient and more entrepreneurial

business" at Olivetti, enabling

it to react more quickly to the

fast-changing computer market and to eliminate management

and to eliminate management layers. Of the 600 middle-level

Mr Cassoni will preside over the new structure. He will be flanked by Mr Elserino Piol, head of corporate strategy who engineered the 1983 "alliance" with AT&T that saw the US group become Olivetti's lead-ing shareholder.

thought likely that a few dozen

Mr De Benedetti again con-firmed that AT&T would remain a shareholder at least until the expiry of its stand-still accord in 1990.

the Italian company, the world's third largest personal computer maker, had to become an integrated systems seller and not merely a hardware company.

Mr De Benedetti said 1988 group revenues would increase at least as much as they did in the first six months, when the rise was 16 per cent.

sonal and mini-computers, ter-Analysts in New York and Milan reacted to the Olivetti reorganisation by saying that minals, telecoms systems and mainframes. The third unit, of suites from 3,000 sq ft available. will specialise in software and

managers affected, it is France: Paris plots a course for the economy Summer success brings autumn in the coming four years of discontent for Gonzalez US army bases: Greek doubts, Filipino fears but a deal in Spain

ing the ozone

Overseas Companies -World Trade

A run of political and economic successes is threatening to turn sour for Spain's Prime Minister Felipe Gonzalez, with targets for inflation ruined,interest rates rising and a Cabinet row about

how to tackle the situ-Agriculture Arts-Reviews ... World Guide

Aid for Africa: The ever-present danger of chronic dependency Less Bond Corporation; money supply; Olivetti; Raw Materials Stock Marketa -Wall Street Unit Trusts

Seoul Olympica: Record performances and

drug scandais give Games a surreal air 6

EC trade policy: The war of words over protectionist policies after 199218

Editorial comment: Africa's debt burden; test-

LONDON DOCKLANDS

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EUROPEAN NEWS

France sketches course for economy over next four years

HE FRENCH Government yesterday laid down the target of a economic growth rate of at least 214 per cent a year for the next four years, led by exports and investment, in a preliminary outline for a new national plan to run from 1989 to 1992.

The target growth rate of 2% per cent is identified as the minimum required to contain the rate of unemployment, one of the plan's top priorities; though Mr Lionel Stoleru, Minister for the Plan, disclaimed any intention that the plan should set precise targets.

The outline, which has been pre-

faced by Mr Michel Rocard, the Prime Minister, and adopted by the Government, will be elaborated over the next six months by a number of specialised committees, and worked up into a fully-fledged plan to be laid before Parliament in the

This procedure is characteristic of the emphasis on public discussion and compromise which is con-stantly advocated by Mr Michel Rocard, and appears designed to resuscitate, in a modified form, the

process of economic planning which in recent years has lost most of its

earlier importance. France needs an above-average growth rate in the European context, says the draft, because of the growing size of its active population, which will add 2m to the

labour force by the year 2000.
"It is only with a growth rate of around 2½ per cent a year, over a period, that our economy will stop destroying jobs and will start to create them," it says.

But the target is qualified by the

need to see investment grow twice as fast as the economy as a whole, and an increase in exports sufficient to secure a significant surplus on the trade balance by 1992. Because of the need to rectify the trade deficit, the development of the French economy will need to be channelled into labour intensive

activities. This means holding down the cost of employment; the Government gives an undertaking that employers' social security contribu-tions, widely held to be a disincentive to employment, will at least be held stable over the next four years.

In addition, the report recommends the development of activities with high employment content and low import content, such as tourism and other services.

On the supply side, the Government says the plan will set an ambitious target for raising the educational level of school-leavers, together with a system of training loans for those seeking new qualifi-

Entitled "La France, L'Europe: Le Plan 1989-1992," the draft places the Government's economic strategy firmly in the context of the Single European Act and the single European market, scheduled to be completed by the end of 1992.

Like the previous phases in the construction of Europe, the Single Act constitutes one of the most positive elements in our future . . . To implies on our part a strategy in several essential fields: money and finance, public procurement and standards, harmonisation of taxa-

The creation of a single European capital market will call for the read-

ian Davidson outlines a draft national plan which is aiming for an annual growth rate above the European average, made necessary, says the Government, because of the projected increase in the labour force.

justment of the fiscal system, so as not merely to avoid the flight of French capital to more rewarding centres, but also to attract capital to France, and to develop the role of Paris as a financial centre. French banks, insurance compa-

a position where they can take advantage of the new competitive

nies, stock markets need to get into

At the same time, the European Monetary System will have to be reinforced; the draft alludes, but more tentatively than has been the recent habit of French governments

of both left and right, to the idea of a new step towards a European cur-whether this means a shift from rency and a European central bank. At home, the draft proposes a leaner role for the state, with the function of supervising and regulating, but as far as possible leaving action to the competitive transparency of the markets. "In short, the state should decide less, should decide better, and should decide

in fiscal terms, the primary objective must be to recover greater freedom of manoeuvre, which means reducing the public debt the state undertakes to reduce the budget deficit during each of the next four

By implication, the draft plan also appears to promise cuts in indi-rect taxation, as part of the move towards the single European market. This would apply both to the reduction of taxes on savings and investment (so as to avoid capital flight), and to the reduction of French VAT rates to bring them down towards the European level.
At the same time, it calls for the

indirect to direct taxation. On the other hand, it calls explicitly for a decentralisation of taxation away from the centre, in line with the decentralisation of spending deci-

The draft lists four main budget-ary priorities for the years ahead: education and training; research, with the aim of promoting the growth of national R & D, both public and private, to reach 3 per cent of GDP: "solidarity" with the under-privileged, including the establishment of a minimum guaranteed income; and culture, because it is at the heart of France's European ambition".

At the same time, it also calls for a slimmer, more efficient state apparatus. "The state must organise itself to a state must organise itself to a state must organise.

itself to do more and do better with less money the objective is to give the state through improved produc-tivity what can no longer be promised through taxation.

On the receipts side, this means more efficient tax collection methods, and on the expenditure side

tion and impartial methods for assessing efficiency.

In this context, the draft lays down a significant marker on the need for reform of the public sector unions, with emphasis on efficiency and flexibility. Thus a new type of dialogue will be established between the state as employer and the unions, more focused on motivation and productivity, with which unions in the private sector are aiready familler."

The unions in the teaching profession are mentioned in terms which are particularly ominous, coming from a Socialist Govern-

"The educational system offers particular opportunities for initiatives aimed at efficiency. Its development is a major objective for the whole nation, and it justifies a consuant search for efficiency . . . This requirement has a price which must be measured in terms of increased productivity and improved quality of service . ."

Thatcher asked by Warsaw to postpone her visit to Poland

By Christopher Bobinski in Warsaw and Robert Mauthner

THE POLISH authorities have asked Mrs Margaret Thatcher, the British Prime Minister, to postpone her two-day visit to Poland, which was to have started on October 16. British officials said yesterday that the postponement would be for only 2-4 weeks at the most and that new dates were being negotiated by the two sides.

The official reason for the postponement given by Mr Jerzy Urban, the Polish government spokesman, and Downing Street was that Mrs Thatcher's visit would have come too soon after the formation of the new Polish govern-ment, due to be presented to Parliament on October 13.

However, it has been clear for some time that the Polish authorities were not happy with some aspects of Mrs Thatcher's programme, partic-ularly her meetings with Mr Lech Walesa, the Solidarity

On Wednesday, Trybuna Ludu, the Communist party newspaper noted that Mrs Thatcher, whom it described as "the personification of brutal anti-union and extremely reactionary policies," was planning to meet "someone seeking to represent the trade union movement," an obvious reference to Mr Walesa.

All the indications are that

Poland's leaders fear Mrs Thatcher will use her meetings with Mr Walesa to promote the cause of free speech and political reform in Eastern Europe at a time when the Government is having the greatest difficulty keeping the banned Sol-

idarity movement in check. It cannot be ruled out, therefore, that the Polish authorities will try to rearrange the already agreed programme with the aim of giving less prominence to her meetings with Mr Walesa. Under the original programme, Mrs Thatcher was due to travel to Gdansk, Solidarity's birthplace and spiritual home, as well as holding official talks in War-saw with General Wojciech Jaruzelski, the Polish Party

 Mr Walesa said yesterday that he should be able to work with Poland's new Prime Minister, Mr Mieczyslaw Rakowski, despite past differ-ences, agencies report. "I know his arguments and his way of

thinking," he said. He added, however, that he would break off forthcoming talks on Poland's future if the Communist authorities delayed making concessions. "If it appears that the Government is going to delay, then we will break off the talks very

quickly.". **Austrian coalition aims**

By Judy Dempsey in Vienna

AUSTRIA'S Socialist-led coalition Government, in a show of determination to control the high public deficit, has promised to reduce next year's budget shortfall to 4 per cent of

gross domestic product, a fall of half a percentage point. The 1989 budget, which pro-vides for a nominal net deficit of Sch65bn (£2.95bn) compared to Sch71bn (£3.22bn) the previous year, is in line with the Government's strategy of reducing the net deficit to 2.5 per cent of GDP by 1992. State expenditure will rise by Sch10bn to Sch528bn. This

partly reflects a Sch4bn rise, to Sch58bn, in contributions from making compulsory pension system.

The Government is having serious difficulties in introducing structural changes to the the federal budget to the loss-

to reduce budget deficit social welfare system, and the problem is expected to continue into 1990. In contrast with the 1988 budget, next year's draft does not provide for any cuts in social security. However, the growth in expenditure will be offset by a

rise in revenue of Sch16bn-

Sch462bn. Revenue is being

boosted by the partial privati-sation of state-owned industry and banks.
The budget was also influenced by revised forecasts in growth figures for 1988, which increased nominal growth to 5.2 per cent compared to earlier forecasts of 3.5 per cent. A nominal growth rate of 4.8 per cent and an inflation rate of

Nobel peace prize goes to UN peace forces

THE 1988 Nobel Peace Prize has been awarded to the "blue berets", the peace-keeping forces of the United Nations. The award coincides with

the 40th anniversary of the establishment of the first UN contingent - in the Middle East to police an Arab-Israeli armistice – and with a dra-matic upsurge in the prestige of the UN as an institution. Mr Javier Perez de Cuellar, the UN Secretary-General, who is understood to have been nominated for the award him-self, called the decision "bril-liant" and hailed it as a tribute

Mr Egil Aarvik, chairman of the Norwegian Nobel commit-tee, described the decision as "a sort of a congratulations to the

Alcatel share in

to idealism, valour and sacri-

Forces and to the United Nations family as a whole on their birthday.'

He said the prize was not intended to recognise any par-ticular operation by the 500,000 soldiers from 58 countries who have undertaken UN duty, of whom 733 (including 200 in Lebanon) have lost their lives.

The most recent UN force to be constituted is UNIIMOG (United Nations Iran Iraq Military Observer Group), an observer group whose task is police the ceasefire agreement in the Gulf.

The Gulf truce, probably the most spectacular result of the worldwide peace-broking in which the UN has been involved this year, was helped into being by an officer from another UN force, LieutenantGeneral Martin Vadset of the UN Truce Supervision Organi-

The most dangerous UN operation at present is proba-bly that undertaken by UNI-FIL, the United Nations Interim Forces in Lebanon. Since its inception in 1978, it has drawn soldiers from Nor-way, Canada, Fiji, Finland, Sweden, France, Iran, Ireland, Italy, Nigeria, The Nether-lands, Senegal, Nepal and

It is understood that President Reagan and Mr Mikhail Gorbachev, the Soviet leader, were considered for this year's peace prize because of the INF treaty banning groundlaunched medium-range

nuclear weapons. But the committee is

reported to have taken into account the danger of interfering in the US presidential elec-

Sir Brian Urquhart, a former UN Under-Secretary Gener-alcalled the award a recognition of the idea of non-violence in the military. UN troops seldom carry heavier weapons than sidearms and may not use these except in self-defence. The biggest UN peacekeeping effort of all was in the Congo. Mounted in June 1960 to ensure the withdrawal of Bel-gian forces from what is now Zaire, it had a strength of nearly 20,000 at its peak in

It helped bring a raging civil war to an end while preventing the province of Katanga from

• In Cyprus, where 2,000 UN soldiers are based on the Green Line dividing the island between Greek- and Turkish-Cypriot sectors, blue bered soldiers belief the award as a few control of the sectors. diers hailed the award as a welcome acknowledgement of their efforts. Reuter reports. Tt's good for the UN to get

this recognition ... sometimes it doesn't get the recognition it deserves." Canadian UN sol-dier Robert Wadsworth said. Lieutenant Wadsworth of Calgary, Alberta, spokesman for Lord Strathcona's Horse Regiment (Royal Canadians) said the prize would encourage him and his fellow troops in

their task. Another soldier had other thoughts about the \$388,000 prize: "Do we get any of the money?" he said.

De Benedetti coup claim in bank failure

By John Wyles

ITALIAN businessman Carlo De Benedetti scored "a big financial coup" when extricat-ing himself from the affairs of the sinking Banco Ambrosiano in early 1962, according to the Milan magistrate seeking his prosecution.

The Italian news agency AGI yesterday followed up last week's widespread reports that Mr De Benedetti was one of 40 people targeted for prosecution by the Milanese prosecutor. Mr Pierluigi Dell'Osso, with details of Mr Dell'Osso's 1,000 page report,

This is currently being studied by two examining magis-trates who will take the final decisions on whether and whom to prosecute.

According to yesterday's leak, the prosecutor's case for arraigning Mr De Benedetti for extortion in the Banco Ambro-siano affair is based on his reading of the severance deal struck between Mr De Benedetti and the bank when he resigned his position as vice-president after only 65 days in office.

Ϋ.

Later in the year the bank collapsed with \$1.20n of debts, and its chairman, Mr Roberto Calvi, was found hanging from Blackfriars bridge in London.

When he joined the bank in November 1981, Mr De Bene-detti paid L52.9bn (£22.6m) for a 2 per share of its equity, partly in cash, partly in securi-ties in Olivetti and his holding company, Cir, and partly with two promissory notes to the value of L32bn.

The prosecutor maintains that when he resigned Mr De Benedetti was able sell back the 1m shares for their original cash value, leaving behind him obligations whose market value had fallen and shares in a company called Brioschi which did not even exist.

Mr Dell'Osso reportedly believes that Mr De Benedetti was able to use knowledge he gained during his short period in the bank to impose financial conditions for his departure on Mr Calvi, "which would not have been seriously and rea-sonably proposable to any other financial operator."

He alleges that Mr De Benedetti's initial aim was to depose Mr Calvi and take control of the bank. His report refers to a meeting between Mr De Benedetti and a senior Vatican official, Mgr Silvestrini, to discuss the involvement in Ambrosiano's affairs of IOR, the Vatican bank.

At that meeting Mr De Benedetti told the magistrate he had called Archbishop Paul Marcinkus, the IOR president, a "thief", eliciting the comment from Mgr Silvestrini that it was a case of "to let the benedet and the silvest and the silves it was a case of "a lost sheep."

The Concordat between the Italian state and the Vatican has frustrated magistrates' attempts to prosecute Arch-bishop Marcinkus for alleged involvement in fraudulent bankruptcy in connection with IOR's ownership of dummy companies to which Ambrosi-ano lent \$1.3bn.

Mr De Benedetti's office in Milan refused to comment last night, remaining confident that there is no case to answer. This belief is based on the fact that Mr De Benedetti made no profit from his severance terms and the bank suffered no loss.

The Olivetti and Cir securities could not easily have been returned because they had been placed in the market and in succeeding months rose steadily in value, it is said.

As for the Brioschi shares, it is alleged that there were in fact promissory notes, issued by the businessman, Giuseppe Cabassi when he purchased two companies from Mr De Benedetti

These were promptly paid as promised to the value of Lazhn by the end of 1982.

German mobile phone system By Terry Dodsworth

ALCATEL, the electronics group owned by CGE of France, is to supply network equipment for the digital mobile telephone system planned by the West German Bundespost.
The order effectively puts

Alcatel into competition with Siemens, the leading supplier of telephone exchanges in West Germany, which has also been selected to supply equip-ment. They won in competition with 11 other manufacturers, and will initially be asked to build networks capable of carrying about 10,000 sub-

Alcatel's breakthrough in West Germany, where Siemens supplies network equipment for the analogue mobile system, will put it in a strong position to win other orders for mobile digital network

equipment in Europe. Earlier this week, the French company was selected as one of two suppliers for the digital network now being

The individual national orders are all part of an ambitious plan to develop a pan-European mobile digital network that will allow customers to use their personal telephones anywhere in the region.

French survey

In the survey on France published in yesterday's Financial Times, Ian Davidson, the principal author, was incor-rectly named as Ian Richard-

Social (CDS) of Mr Audio Suarez (CDS): this party is sup-posedly to the right of the rul-ing Socialists but it affects lef-tish positions when they suit, with the aim of forcing Mr

Mr Solchaga also upset the Agriculture Minister by decid-

ing to bring forward to October

sharp cuts in import tariffs -

in order to force down food

price rises that have played havoc with the inflation tar-

The Government has also

taken a side-swipe at business, parts of which it claims are

pushing prices artificially high

on the back of Spain's con-

- originally planned for

Gonzalez into coalition.

next January.

Italy brings to an end three decades of tight controls on movement of capital

By John Wyles in Rome

PTALY EMERGES tomorrow from a 32-year-long regime of tight controls on capital movements to a become a land of wider freedoms in preparation for the removal of all capital barriers by most EC countries in mid-1990.

Despite cheerful efforts this week by Mr Renato Ruggiero, the Foreign Trade Minister, to encourage Italians to put aside all fear, the move is not without dangers for a country struggling to cap a well of pub-lic debt which is approaching Li trillion (million million), about £430m.

Indeed, the coming weeks could provide a stern test for the balance of payments if Italian investors and market operators conclude that the crucial budget adopted yesterday does not amount to a credible reform of public finances. In fact, they have already

been free to invest in foreign securities as a result of the progressive relaxation of controls since May 1987. But, from tomorrow, banks and companies will have enlarged scope for foreign currency operations which could translate into greater speculation against the For Mr Ruggiero, however,

the risk does not seem great, providing the Government is seen to be pursuing the reform of public finances. We have to give a clear sig-

nal that we are dealing with the debt," he said at a news conference. In the meantime, he is drawing confidence from capital movements in the first seven months of the year which registered inflows of L17,000bn - including L8,000bn of state borrowing abroad - and outflows of L12,500bn. This compares with total inflows between 1982 and 1986 of L6,000bn and outflows in the same period of L20,000bn.

At one time, a major hae-morrhage was in the form of hanknotes, furtively suitcased across the border into Switzerland. A 1976 law which made illegal currency exports a criminal offence has been repealed as part of the new liberalisa-

tion.

The philosophy previously underlying Italian capital restrictions has been that all is forbidden unless specifically approved by the authorities. This has now been reversed so that all is permissible unless specifically forbidden. Operations which remain outlawed include holding liradenosits abroad opening credit deposits abroad, opening credit lines in lira or foreign currency for the benefit of an external operator and the purchase of

foreign securities with a maturity of less than 180 days. Restrictions still in force require all foreign currency transactions to be channelled through an approved bank and the handing over of foreign currency holdings, including banknotes totalling more than L2.5m, to such banks within 60 days from when they are acquired. Foreign securities must also be lodged with the

doubts whether Italian banks are fully equipped and ready to exploit the new freedoms, they will henceforth be able to lend foreign currency to residents for non-commercial purposes. or non-commercial purposes, although these loans will have to be halanced by foreign lira deposits. They will also be allowed to lend lire to non-residents, subject to a maximum period of 18 months. Banks will be able to undertake currency-futures trading and to take net overnight posi-

tions equal to 5 per cent of their foreign currency assets instead of squaring at the end of each business day. Trading in currency options will also be liberalised, allowing banks to write options providing risks are completely covered with belonging options. balancing options.

Apart from being able to exploit these new services, the corporate sector will also be freed from a burden of regulation which currently requires the issue of no fewer than appropriate banks. 26,000 authorisations for cur-Though there are some rency transactions every year.

Mayhem in Italian port over waste ship

THE TOWN council of the main door of the city hall, southern Italian port of Man-fredonia resigned en masse yesterday after demonstrators stormed the town hall in pro-test at the imminent arrival of a ship bringing back toxic waste dumped in Nigeria, Reu-

port, banks, schools, shops and factories shut down for the second consecutive day. As police called in reinforcements from the surrounding

Police said more than 2,000 area, Manfredonia councillors demonstrators set fire to the announced their resignation to

agreements and the Govern-

ment, as it is doing now, employs a range of administra-tive instruments to keep prices down. Earlier this year it cut

smashed windows, overturned police cars and cut telephone wires while, elsewhere in the

the angry crowd.

Mr Ciriaco De Mita, the Italian Prime Minister, who on Wednesday night signed a decree ordering Manfredonia to accept the West German ship Deep Sea Carrier and its cargo, summoned the port's mayor to

Rome.
The Deep Sea Carrier, carrying about 2,500 tonnes of indus-

Italian companies in Nigeria, is the second ship to run into trouble. The West German ship Karin B was turned away by five European countries last month after being chartered to remove another cargo of toxic waste from Nigeria. It finally docked in the Italian port of Livorno yesterday

Summer of success brings Gonzalez to autumn of discontent

Peter Bruce reports that Spain's Prime Minister is experiencing a rough ride over the performance of the economy ties - but the UGT at least could make trouble by throw-ing some of its weight behind the Centro Democratico y

OR Mr Felipe Gonzalez, this is proving one of the most uncomfortable autumns since he became Spain's Prime Minister in 1982. An extraordinary run of political and economic successes is threatening to turn sour, with inflation targets in ruins, interest rates on the rise and reports of serious cabinet infighting over how best to get out of trouble.

Today Mr Carlos Solchaga, the Finance Minister, is due to send his 1989 budget proposals to the Cortes (parliament) amid unprecedented attack from the popular press, from some of his Socialist party col-leagues and calls for his resignation from the party's allied trade union, the UCT.

Mr Gonzalez still dominates the Spanish political scene, if only because his opponents are in such disarray. Nevertheless, discontent on both left and right surfaced with new fury last week when the Government announced a full percentage point rise in

prices in August which, com-bined with another sharp rise

in July, made nonsense of its 3 per cent inflation forecast for

would top 5.6 per cent for the year though measures hurriedly set in train are likely to hold it to around 4.6 per cent. That will not mollify union anger and pressure for sharp wage increases next year. It also upset the Government's own equilibrium. A few days before the inflation fig-ures were published, the Gov-ernment settled what it hoped would be benchmark wage

deals for just over 3 per cent next year with two small

unions representing pensioners

At its present rate, inflation

and public employees. The August price figures immediately brought protests from the Labour and Public Administration ministers who asked for the settlements to be upgraded. They were turned down. But the large unions, the UGT and the Communist CCOO are setting 7 per cent targets for next year and the UGT has even gone so far as to suggest it might withdraw sup-

sumer boom, and threatened to prosecute price-fixing food car-The Finance Minister is the unchallenged architect of Spain's astonishing rise to prominence as the European port for the Government in the next general election. Community's fastest growing Spanish unions are not economy and the object of a strong - in fact, they are funded by their associated parforeign investment wave so strong that Spain's non-gold

Spanish Inflation % change on previous month

foreign exchange reserves rank fifth in the world. He, not the unions or the Socialist party left, has had the Prime Minister's ear and has helped the Government take away the political middle ground from the CDS and the Alianza Popular, the bigger conservative grouping. But his and Mr Gonzalez's mettle as crisis managers may soon be

The official inflation target

is essentially a political peg

around which to tie wage

tested.

fuel prices. Now it is cutting food import tariffs. But there are limits to fighting inflation by decree. The country's underlying rate of inflation is well over 5 per cent and everywhere Spain seems to be pushing at the limits. Unemployment at some 20per cent remains immovable despite government claims

that 1,000 new jobs are being created daily. Soon after the August inflation figures came out, the central bank, no doubt under Mr Solchaga's guidance, raised its interbank lending rates a full point and the com-mercial banks, unless they are pressured not to do so, will probably pass on the cost. The Bank of Spain move broke a determined effort since May to bring rates down.

And given the strong and apparently unquenchable growth of domestic demand more than 6 per cent so far and a 15 per cent growth in imported goods and services, the interest rate rises mean

Spain may simply become a more expensive place in which to get into debt.

The broad money supply measure, the ALP (M3 plus other liquid assets held by the public) has been threatening its 11 per cent target ceiling all year despite even higher rates in January and February.

Mr Solchaga, whose budget is not expected to contain many surprises — a 15 per cent

many surprises — a 15 per cent rise in spending to some Pta 10,000bn (£48bn) and a 20 per cent increase in income to Pta 8,700bn, with the deficit shrinking to 2.8 per cent of gross domestic product - was quick to turn on his attackers last

"The Government is solid in its objective of fighting inflation." he said.

Three per cent inflation next was "perfectly feasible provided they don't agree 6 per cent wage rises," he said and warned that if the unions and business did settle high, the Government would defend its target. That would mean a series of monetary and fiscal restrictions.

In addition to the administrative measures it can take to about that.

hold prices down and to main-tain job creation at its present level, the last three good years do mean that the Government still has some comfortable cushions to fall back on.

Although the high level of

imports was bound to overwhelm tourist receipts and push the current account into the red this year, unexpectedly strong exports have kept the targeted deficit of \$3bn within sight. Many economists expect the deficit to double next year,

But Spain's huge \$38bn for-eign exchange reserves make that easier to swallow and the country remains an excellent credit risk. Furthermore, a recent Chase Manhattan Bank study reckons that more than half of all merchandise imports have been used to buy machinery and intermediate goods which would improve produc-tive capacity and competitive

But a rise in interest rates could blunt that edge — by further strengthening the peseta's value against the D-mark But for the moment that is not for the moment there is not much the Government can do



Strained links in Papandreou the chain of allies' security

Since the Second World War, US military power has rested not just on nuclear weapons but on a net-work of foreign bases round the world.

the world.

Dozens of ports, air bases, storage depots and listening posts have acted as launching pads for the deployment of US forces overseas. Equally important, the bases have served as links in a chain of collective security for the US and its allies.

But this security network faces a serious challenge. It comes not from the US's traditional adversary, the Soviet Union, but from the allies themselves. The challenge takes the form of overlapping renegotiations of base rights which, coupled with rising anti-US sentiment in some countries, have begun to test Washington's policy-makers.

An agreement on US bases in Spain has now been finali-sed, covering the next eight years. But as part of the deal, the US has had to swallow the staged withdrawal of the 401st Tactical Fighter Wing, consist-ing of 72 F-16 fighter jets, from Torrejon air base, near Madrid, which was agreed in January

The 401st - the largest US air unit in the Mediterranean - has found a new home in Italy, but Spain's action amounted to the first unilat-eral reduction of US forces ordered by a European ally since 1966, when France closed US installations and withdrew

militarily from Nato. Spain is not the only country to present problems. Last month, Greece's Socialist Government announced that it had decided to close the Hellenikon base, 10 miles south of Athens, a valuable staging post for intelligence-gathering missions

in the Middle East. In the Philippines, the Aquino Government has indi-cated that it wants \$1.2bn (£700m) in annual compensa-tion for the remaining two

'Ask not what the US can do for you, but what you can do for the US?

years of the current leases for the two main bases, at Subic Bay and Clark Air Base – the counterweight to the Soviet air

and naval presence at former US bases in Vietnam.
And in South Korea, although both sides agree that the 41,000-strong US forces should stay intil the mobleme of the peninsula are resolved, the US is keen that Seoul bear a greater share of the financial burden. Rising anti-US senti-ment in South Korea, fuelled by the prolonged trade and protectionism dispute, has made the issue even more deli-

cate this year.

The problems are not all financial. Several countries, including Spain and the Philippines have raised the threat of a ban on nuclear weapons on their territory - which challenges the long-standing US policy of neither confirming nor denying whether its ships or aircraft are carrying such weapons. In Spain, this threat has been settled by the use of ambiguous language, as it was in Norway and Denmark; but the trend is worrying the US.

Echoing a frustration wide spread in the Reagan Administration and in Congress, a senior Pentagon official said: The (bases) argument is not only about the US defending itself by the forward deploy-ment of forces, but also the psychological and political resolve of the US to defend Europe. These words are given weight by the growing call in the US for "burden sharing," - the umbrella term used to express American dis-- the umbrella term satisfaction with the allies' contribution to collective secu-

Burden sharing is not a new issue and it is being fauned by election year politics. But it reflects a deeper, widespread anxiety about US military commitments overseas being out of kilter with US economic strength.
The US has collective

defence, military assistance relationships or both with 118 countries. In addition, it has a total of 1.264 military bases: 871 bases in the US, 19 in US pos-sessions and territories, and 374 bases overseas (80 per cant of which are in West Ger-

As Mr Fred Iklé, former Defence Under Secretary for Policy, points out, it would be wrong to exaggerate the diffi-culties surrounding the present base renegotiations when ties with other base countries such as Britain and West Germany remain strong. Indeed, some US officials like to dismiss the convergence of base talks with Portugal, Spain, Greece and the Philippines as mere "astro-logical coincidence."

Yet events since 1981, when the Greek Socialist Prime Minister, Mr Andreas Papandreou first signalled that he wanted to get rid of US bases, appear to point to a historical alignThe US is facing a growing policy chal-lenge — from its own friends. Lionel Barber reports

illness

However, talks could extend

beyond that date, given that the 1983 agreement gives the US 17 months beyond the

December deadline in which to close down the bases and with-

draw some 7,500 personnel

and dependants from Greece.

Despite a theoretical commitment to closing the bases down, the Greek Socialist government has said it is willing

to sign a new agreeine

ment of economic and political forces to Washington's disad-

vantage.
The cost for the US of obtaining basing privileges is rising fast: between 1974 and 1987, permit costs rose ten-fold from \$200m a year to \$20m a year, according to a Rudson Institute study conducted last year for the Pentagon. The overall cost of US overseas basing has risen from \$10m in 1974 to \$4.50m in 1992.

\$4.60n in 1986.
Military base rights negotiations have also become entangled with efforts by host countries to apply leverage over foreign aid, despite US efforts to keep the two separate.

Mr Cavaco Silva, Portugal's

Prime Minister, has hinted that he might seek renegotiation of the base agreement on the Azores because of Portugal's dissatisfaction with recent levels of US security assistance.
A similar dispute with Turkey was patched up last year, but the base agreement only permits the US to use certain military facilities until 1990 after which the pressure for

more generous economic and military sid will rise. But the Administration's room for manoeuvre on aid is minimal. Domestic budgetary pressures, notably a \$150bn deficit, are a big constraint; equally important is the way the US Senate has assumed the right to "earmark" more than 90 per cent of security assis-tance funds for specific coun-

Resurgent nationalism in newly emerging democracies is a theme common to the Philip-pines, South Korea, Greece and Spain. And the US is made to pay for its previous support of authoritarian rulers such as President Marcos, General Franco or President Chun. The Spanish request to the US to remove the 401st Tactical

Fighter Wing over three years still rankles. Perhaps disingen-uously, officials argue that they only expected to shift the jet fighters from Torrion, not altogether from Spein, where the Wing served to protect Nato's southern flank: Spanish officials counter

that under the new agreement, the US will retain access to all its four major military installawhile pledging to strengthen its own armed forces. Thus, Washington's demands for burden-sharing are met.

Not so, says a senior Penta-gon official. "It is difficult to exaggerate the significance of the Spanish request to the US to leave," he said, noting that the uncertainty thereby created is an open invitation to the Soviet Union to test Alliance solidarity.

So what should be the appro-priate US response to the base conundrum? To paraphrase President Kennedy, the first American message to the Allies is: ask not what the US can do for you, but what you can do for the US. I taly's prompt decision this

year to accept the 401st Tactical Wing won much admiration in the Administration and in Congress. Equally important was the agree by Nato members — excuumg the US — to bear the \$500m cost of relocating the Fighter Nato members - excluding

complicated study of relocation from the Philippines, including a breakdown of every function

bases such as moving ship repairs to South Korea or pos-sibly Singapore, and setting up an air base and port at the US territory of Guam, or the island of Palau which has a harbour deep enough for a car-rier battle group. But the total cost of such a move could be more than \$10km.

A third response is to move gradually away from a reliance on base accords and towards access agreements which allow

obscure the fact that the Soviet Union's own position is less Union's own position is less than favourable. Moscow is still enscored in the Horn of Africa, but it faces wholesale withdrawal from Afghanistan and pressure in Indochina at the Da Nang base. "The Soviet expansion of its worldwide base structure in the 1970s has been reversed — and that is in been reversed - and that is in

Wing.
The second US response is to lay plans today for what could be drastic changes in force structure tomorrow. US plan-ners have already drawn up a

from ship-repair, to mainte-nance, to training.

The study is believed to con-tain proposals for alternative

the host country more discre-tion in accepting US forces.

Above all, Mr Iklé points out, the current tensions over allied base renegotiations should not

The question is how far the next US President will be willing or able to sustain those efforts. Neither Mr Bush nor

Mr Dukakis has addr issue in any detail.

FUTURE OF US BASES



include some sort of guarantee of Greek interests in the light of perceived expansionist designs by Turkey, its rival, neighbour, and fellow Nato

The American side has ruled out specific reference to third countries, but a compromise formula involving the reitera-tion of existing US committs, such as to the United Nations charter or the Relsinki agreement, was report-edly considered feasible. The further course of the bases talks, which according to the Greek side will resume in October, is complicated by

the sudden illness of Dr Andreas Papandreou, the Prime Minister, effectively the key Greek negotiator, who is awaiting heart valve surgery Should Dr Papandreou be obliged to retire from active political life for health reasons, then the odds will be heavily in favour of a return of the Greek Conservatives to power, in which case the bases talks will have to be re-

The Conservatives are committed to keeping the bases, but might well set tougher terms for signing a new agree-

Wrangling over the Philippines facilities set to get tougher

By Richard Gourlay in Manila

US NEGOTIATORS have faced food aid. a barrage of anti-American rhetoric during five months of inconclusive talks on compensation for two more years' use of military bases in the Philip-pines. They haven't seen any-

thing yet.
The five-year review of the Strategic Clark Air and Subic naval bases and four smaller facilities covers a range of issues in the lease that runs out in 1991, but the talks have boiled down to a haggle over money

Once an agreement is reached - and most observers reached — and most observers accept that an agreement is inevitable — the process begins again in earnest with talks on whether the Philippines should host the bases beyond 1991.

President Corazon Aquino has repeatedly assured Washington that the current agreement will be honoured, but she is keeping her options open

However, because of a quirk in a previous negotiation, the compensation element in the agreement runs out this year, and with it the US Administration's undertaking to use its "best efforts" to persuade Congress to appropriate \$180m a year in military, economic and

One of the key obstacles now is the public nature of the negotiations. Mr Raul Mangla-pus, the Philippine Foreign Secretary, has announced he is asking for \$1.2bn a year while Washington has confirmed a Philippine statement that the US is only offering around \$500m in hard cash.

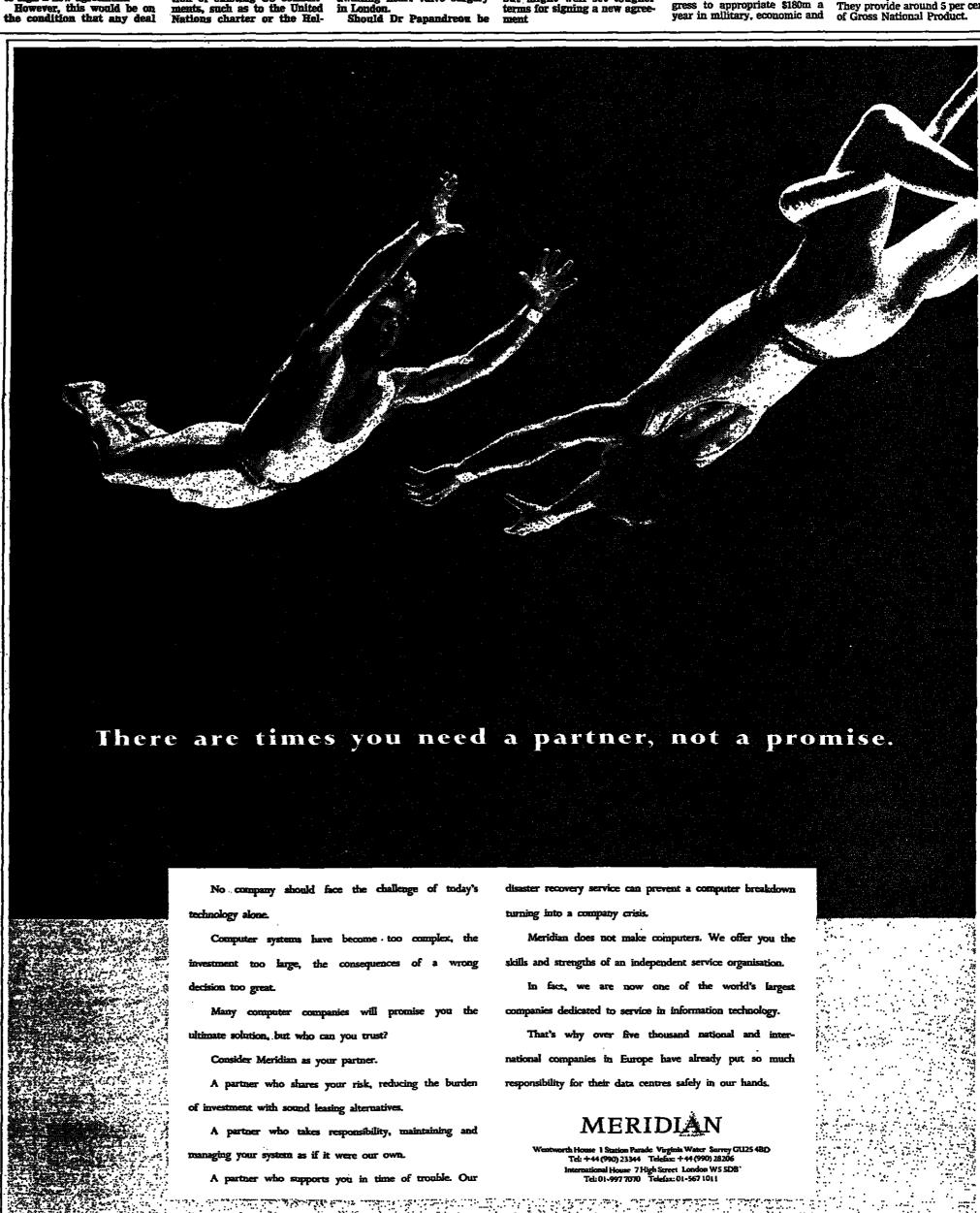
While Mr Manglapus has

hinted that the two sides are close on the hard cash, he is now exploring "soft," or noncash extras to try to bring the package closer to \$1.2bn. Mr Manglapus, who was

given some rough treatment by the FBI in the US while an exiled opposition leader during President Marcos's rule, may also be waiting to deal with a new US Administration, although there are no signs he would get a better deal.
If it has been a tough five

months, it is going to get tougher. Supporting the bases is not seen as sound domestic politics given a mood of resurgent nationalism.

Few advocates of the bases, including Mr Fidel Ramos, the Defence Secretary, publicly face up to the country's eco-nomic dependence on them. They provide around 5 per cent of Gross National Product.



EUROPE'S LEADING COMPUTER LEASING AND SERVICES ORGANISATION

AMERICAN NEWS

Argentina halts constitution reform

LONG-STANDING plans to reform Argentina's constitution have come to a halt.

Mr Enrique Nosiglia, Interior Minister, in a document circulated to the leaders of the main political parties, said reform was impossible during the run-up to the presidential election in May next year and that the position would be reconsidered after vote.

President Raul Alfonsín's Radical Party Government has since 1984 sought to alter Argentina's constitution in three crucial directions: to reduce government office from six to four years; to introduce a prime ministerial post along-side that of president, thereby reducing the executive power of the presidency; and to modify a rule requiring the president to be a member of the Roman Catholic faith. In the last few weeks Presi-

dent Alfonsin has met with the Peronist presidential candidate, Mr Carlos Menem, and Mr Eduardo Angeloz, the Radi-cal Party candidate, to agree terms for the constitutional changes. However, both have dismissed the plans as low on their list of priorities.

The stumbling block is that both believe they have a rea-sonable chance of success and see little point in diminishing the executive power of the presidency before they have a chance to take office.

In his declaration to the candidates, Mr Nosiglia, who has also taken charge of the Foreign Ministry in the absence of Mr Dante Caputo at the United Nations, said he hoped all political parties would draw up documents stating their posi-tion on the reform proposals. But it is unlikely that any changes will occur before the next president takes over in December 1989.

In a related issue, the Congress is due to end its ordinary ssion at the end of September without having approved budgets for either 1987-88 or 1988-89. Last year's budget is almost a year overdue, and that for this year almost two weeks. Important legislation may be considered in an extraordinary session in

November.
Such legislation includes not

only national budgets but deals to sell part of state-owned companies, a crucial element of the Government's structural economic reforms.

Agreements to sell 40 per cent of the national airline Aerolineas Argentinas to Scan-dinavian Airline Systems (SAS) and the state-owned telephone company Entel to the Spanish telephone corporation l'elefonica will not be approved by Congress before November at the earliest. Both Telefonica and SAS have suggested that such delays are discouraging.

Legislative delay and apparently indefinite postponement of constitutional reform are regarded as reflecting the Government's relative impotence during its final days of office.

Mr Mitterrand said France wanted the UN role increased in the struggle against prolifer-ation and use of chemical weapons: "Let us create a situ-ation which would make it impossible for any state to use

Bankers expect interest payment

By Stephen Fidler in West Berlin

ARGENTINIAN officials have indicated in private meetings with bankers in West Berlin that the country intended to make a "significant" payment of interest to commercial banks in the near future.

Argentina is more than \$1bn in arrears to the banks, dating back to April US regulators meet next month to assess the standard of bank loans to developing countries.

Bankers said the Argentine Government was also expected to hold meetings with its bank advisory committee in New

advisory committee in New York early in October.

The payments however will not bring the country completely up to date but should reduce the delay on payments to less than 90 days, a critical period from the point of view of the US perplators. of the US regulators. World Bank President Bar her Conable said Pern's recent efforts to bolster its economy were appropriate and long

overdue, AP reports. Mr Conable said in Berlin that Peruvian officials had held low-level talks about ways in which the country could pay back the money it owed the bank.

Reagan set to sign arms bill

By Stewart Fleming, US Editor, in Washington

PRESIDENT Ronald Reagan is expected to move swiftly to Carlucci to meet some of Mr expected to move swiftly to approve a \$300bn Pentagon budget bill which would trim spending for his "Star Wars" Strategic Defence Initiative.

Mr Reagan vetoed the origi-nal Pentagon authorisation bill on August 3, an action widely criticised as politically moti-vated. Vice-President George Bush subsequently attacked Governor Michael Dukakis, his Democratic rival for the presidency, on defence issues.

The current bill, which has overwhelming support in Congress, contains only what Democrats are describing as "cos-metic" changes from the original bill. The new bill was approved by 369-48 in the House and 91-4 in the Senate after key senators had worked

Reagan's objections. The compromise limits SDI

spending to \$4.1bu in the 1989 fiscal year which begins on October 1. This is \$800m less than the President requested. The specific restrictions on how the spending should be

allocated, which were con-tained in the bill Mr Resgan vetoed, have been replaced by assurances by Mr Carlucci that he will not cut spending on research. Into land-based nuclear missile defences pro-portionally more than he does space-based defences.

Mr Carincci has been moving separately in the direction of putting more emphasis on a narrower land-based anti-ballistic missia defence system

anyway, which is in line with the priorities Congress wants to set, but in conflict with the ambitious space-based missile shield Mr Reagan envisaged when he launched SDI in 1963.

The bill also increases by \$100m funding for modernisation of strategic missiles. Mr Reagan had requested that most of the money for modernisation should be spent on the development of the rall-based 10-warhead MX missile.

instead, \$250m will be allocated to the MX, which Mr Bush supports, \$230m for the mobile single warhead Midgetman which has support in Congress, and \$350m (instead of \$250m) put aside so that the part president can make his next president can make his own choice.

Mitterrand calls for end to hostile blocs

By Our UN Correspondent

PRESIDENT Mitterrand of France told the UN General Assembly yester-day that successful disarmament negotiations over the next two years would open vast prospects for the future of Europe, where history and geography called for an end to hostile blocs in the interests of East and West alike. But if there were no such good results, "then unfortu-

nately there would be nothing to prevent an avowed or disguised return to over-armament, with each one resuming his freedom of action", he said. Like Sir Geoffrey Howe, the British Foreign Secretary, Mr Mitterrand supported US Presi-dent Ronald Reagan's appeal for a new attack on the problem of chemical weapons. The French leader said Mr Reagan,

Assembly on Monday, spoke correctly on the subject and in urgent terms that echoed France's own concerns He noted that both the US and the Soviet Union - which also backed the Reagan pro-

posal - had chemical weapons in their arsenals while France did not. Mr Reagan's proposal of a conference of the 110 signatories of the 1925 Geneva protocol would aim at a re-affirmation of the commitment of non-use of chemical weap-

chemical weapons with impu-nity to settle its external or internal problems," he said.

Canada's Liberals unveil poll platform

By David Owen in Toronto

MR JOHN Turner, Canada's opposition Liberal leader, has unveiled details of the party's election platform, though a date has yet to be set. It included a commitment to scrap the still unratified US-Canada free trade agreement.

The party also promised to

provide some form of tax relief on residential mortgages and to undertake an extensive envi-

ronmental clean-up. Mr Turner said a Liberal

government would not proceed with the second phase of the Government's tax reform plan which would replace federal manufacturing tax with a mul-ti-stage value-added tax. Phase one lowered overall tax rates but closed a number of loop-

Other pledges included: proposed income supplements for the so-called working poor, a "clean government" act, which would set rigid conflict-of-interest standards, and a programme to provide equal pay for work of equal value in a bid to "stop the economic exploita-

The latest Angus Reld opinion poll gave Mr Muironey's Conservatives 40 per cent of decided voters, the left-of-centre New Democratic Party 31 per cent and the Liberals 26 per cent. About 22 per cent of



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seek 'understanding' By John Berham in Sao Paulo BRAZIL'S business and labour leaders are negotiating to join

Brazil's employers

and labour leaders

forces against the country's growing inflation rate, cur-rently 24 per cent a month. The discussions are advanc-

ing slowly and unevenly. None the less, a top member of the employers' association says a "national understanding" will be signed soon.
In spite of divisions on both

sides, the negotiators agree on the main points to be included in the "understanding." These are that employees, employers and the Government should jointly negotiate future wage and price increases and reduce the federal spending deficit and the country's \$1170n for-

eign debt. Their ultimate objective is to revitalise the economy by increasing investments. Growth should be zero this year. But, they say, inflation has to come down first. Prices have risen by 600 per cent over the last 12 months. Economists are forecasting an inflation rate of 800 per cent for this year, more than twice last

year's 366 per cent. The talks are an example of Brazilians' penchant for concil-iation. The unions and the employers are united by a common fear of hyper-inflation and its effects on wages and profits. And both sides are equally afraid of what the discredited Government of President Jose Sarney might do next. Mr Sarney has decreed two abortive price freezes in the last two

Although the emergency policies did not stem inflation, they utterly disorganised the economy. The current policy is to tackle the spending deficit, which the Government says will be equivalent to 4 per cent of GDP this year. The cuts might be followed by yet another price freeze closer to the end of the year.

The Government has, from

The Government has, from the wings, quietly encouraged the talks. However, the negotiators cannot decide when they should formally invite the Gov-

enment to join.

Inflighting has slowed the talks. Mr Luis Eulalio de Dueno Vidigal Filho, vice-president of the National Confederation of industry, an employers' association, admitted that "personal and political problems and political problems." are delaying the discussions."

The left-wing CUT labour confederation has refused to have anything to do with the talks, organised by its moderate rivals. CUT's president, Mr Jair Meneghelli, said: "If the to stop inflation, they could Wages are not the cause of inflation, so we have nothing

Instead, he says, the Govern-ment should repudiate the internal and external debts, improve social services and make good workers' past wage

Still, the consensus is that the Government alone cannot restore order to Brazil and that a "national understanding" is necessary to avoid worsening is necessary to avoid worsening political as well as economic instability. According to Mr Vidigal, that understanding is just a matter of time.

Rio's mayor surveys his bankrupt city from a rickety Beetle

Schools and hospitals are grinding to a halt, writes John Barham

SATURNINO Braga, Rio de Janeiro's haggard mayor, is desperately casting about for ways to handle his city's insolvency.

Rio's decline began with the federal government's move to Brasilia in 1961. Since then, decades of mismanagement have worsened its financial health. Two weeks ago, the city was declared hankrupt.

city was declared hankrupt.

Its schools and public hospitals are grinding to a halt for lack of supplies, staff and, above all, money. Many of the city's unpaid 104,000 employees are on strike.

Mr Braga's administration has a foreign debt of \$150m and is running a budget deficit of £185m, which together with other liabilities adds up to a \$44m hole in its finances.

The humiliated mayor, who is an economist by training, has stopped using his official car and now drives about in his rickety Volkswagen Beetle.

He is begging unsympathe-

He is begging unsympathe-tic state and federal treasuries for help. President Jose Sarney has approve a \$58m loan to rebuild areas devastated by severe flooding seven months ago. But he has refused to allow Mr Braga to issue \$8.5m in municipal bonds.

Officials say the city is "owed" about \$190m in loans already approved by the fed-

eral government and interna-tional development agencies. But the money has not been disbursed yet. The World Bank is now releasing a \$175m loan to repair flood damage.

The mayor has organised a bipartisan emergency committee of city notables to press the Government to ease Rio's

Mr Braga's former assistants blame him for the financial chaos. His ex-planning secretary, Mr Tito Ryff, said he was not allowed to increase toward hardward in michaeland. taxes, because it might endan-ger the Mayor's candidate, Mr Jo Resende, in the November local elections. Mr Resende tearfully pulled out of the race the day his mentor announced

the city's insolvency.

Mr Cesar Maia, a former state finance secretary, said the Mayor was wrong to grant real wage increases to city workers. And instead of prun-ing the payroll, he actually hired more employees. Mr Braga naturally rejects the criticism. He blames the floods and inflation, which is about 24 per cent a month. Rising prices have eroded tax revenues and increased costs.

The four leading candidates in the elections in November all promise to fire employees, modernise the city bureaucracy and improve tax collec-



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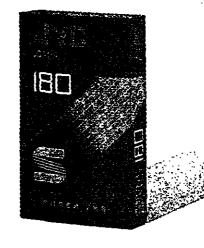
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production

By Michlyo Nakamoto in

JAPAN'S industrial output in

August grew 2.2 per cent from July, according to a prelimi-nary report by the Ministry of International Trade and Indus-

The increase in production

- which marks a turnaround from the 0.9 per cent decline in July - was seen across all industries, particularly in those benefiting from strong domestic demand supported by the high level of capital invest-

ment and consumer spending. A recovery in exports also con-

tributed to greater production.
Growth in output was par-ticularly strong in the machin-ery sector with an increase of

3.6 per cent. In the electrical

machinery industry, where demand for integrated circuits and video cameras has been strong, output increased by 3.0

Orders received by Japan's 50 leading construction compa-nies rose 18.6 per cent in August from a year earlier to Y1,372bn (£6.1bn), the 17th

consecutive month of year-on-year rises, the Construction Ministry said, Reuter reports from Tokyo.

About 800 investors angered

by plunging share prices dem-onstrated outside Taiwan's Finance Ministry yesterday to demand that the Government

postpone or withdraw its plan to reimpose a stock profit tax, AP-DJ reports from Taipei. Some protesters asked that the stock market be shut down until the Government worked

out a more acceptable tax plan with investors. Earlier yester-day, a barrage of sell orders

hit the market when it

reopened after a four-day holi-day. The stock price index fell 175.96 points to close at 8,613.62 points.

US Kampuchea aid

The Reagan Administration intends to triple its aid to the non-communist Kampuchean

Taiwan share row

Construction rise

up 2.2%

Merger wave transforms Australia's company mix

By Chris Sherwell in Sydney

SOME 220 of Australia's top 500 companies have been merged, acquired or displaced over the past six years, and the number will rise to more than 300 before the end of the decade, according to a study published yesterday.

The 250-page study, entitled Australia Tomorrow and published by the Ibis consultancy of Melbourne, says the change in enterprise mix "represents nothing less than a metamorphosis of Australian business". The change, it suggests, is occurring as part of a much wider evolution in which Aus-

tralia is hoping to reverse the long-term decline in its world position through a difficult In its findings, the study

 A serious recession around 1990, triggered by another stock market crash, which will see Australia complete the restructuring of its economy. The emergence of four major economic regions - North America. Western

Europe, the Soviet bloc and Asia-Pacific - with Australia moving closer to supply the growing Asia-Pacific region.

• A shift in Australia to a post-industrial services-related economy, but one in which Australia remains a leading producer and supplier of food, minerals and energy and offers high value-added services in the fields of tourism, education, health, finance and communications.

munications.

Continued changes in the Australian population: an increasing proportion of aged persons, more households with no dependent children, shifts away from the capital cities and the south east, and sharpening wealth differentials. ening wealth differentials.
Of most immediate signifi-

cance, however, are its find-ings on the state of the Australian corporate sector.

Ibis says the disturbing decline in business profitability since the early 1970s, which saw the share of gross domes-tic product received by compa-

prises fall from 30 per cent in 1970 to 21.6 per cent in 1982. may now be going into reverse.

It says some 58 per cent of the mergers and acquisitions among the top 500 companies in the 1980s have taken place in manufacturing. The next biggest groups were in wholesale and retail (15 per cent) and finance and property (12 per

At the same time the ravid expansion of service industries has produced a strong growth in the number of small busi-nesses, in financial, recre-ational and personal services. The overall effect is an apparent "squeezing" of middle-sized

According to Ibis, small business employs 40 per cent of the labour force and produces 25 per cent of GDP, while large enterprises employ 45 per cent of the labour force and produce 57 per cent of GDP. In between, medium-sized businesses employ just 15 per cent of the labour force and account for 18 per cent of GDP per cent of GDP.

Gandhi, Ershad revive river project Japanese industrial

By David Housego in New Delhi

THE devastating floods that struck Bangiadesh and north-ern India this year have spurred the two governments to revive plans for harnessing the Brahmaputra and Ganges rivers in what could be potentially one of the world's great

engineering projects. Mr Rajiv Gandhi, the Indian Prime Minister, and President Hussein Mohammed Ershad of Bangladesh agreed yesterday at the end of day-long talks in Delhi to set up a joint task force to study flood control and water resource management of the two rivers that flow into the Bay of Bengal.

The specialist team will take up the complex proposals for giant dams in the catchment area of the Brahmaputra and a linking canal to the Ganges which has lain on the shelf for years because of acrimonious disputes between the two states over water control and

sharing.

President Ershad took the lead in initiating yesterday's talks, which come after bitter recriminations on both sides over the recent flooding and relief measures. This year's floods in Bangladesh and north

0 Hise 100 0 Km 100 R. Brahstrapukra BANGLADESH P.Maghna CALCUTTA Meghama river system is sec-ond only in size in the world to

India were the worst in more than 30 years – resulting from unusually heavy flows from the Brahmaputra coinciding with monsoon floods in the Ganges. But the pattern seems to repeat itself every quarter or half century.

The devastation caused in Bangladesh - coming in the wake of heavy flooding last year - seems to have pushed both governments to the conclusion that they must co-operate. In practice this will be dif-

ficult because of the mutual suspicion that enshrouds rela-tions between them and because the engineering project concerned has to be envisect concerned has to be envis-aged over a 20-30 year time-scale. But as Mr B.G. Verghese, an Indian specialist on the water resources issue, com-mented yesterday: "A crisis shapes you up and makes you think on new lines". The Brahmaputra-Ganges-

the Amazon but in terms of population and complexity are higger. A third of the total water resources of the sub-con-tinent stams from these rivers.
According to an Indian For-eign Ministry spokesman last night, the task force, which is due to report in six months, is to take up proposals first put forward by India in 1978. These involve building three large dams on the head waters of the Brahmaputra with a hydro-electric generating capacity of 8,000 megawatts - the

The original Indian propos als also provide for a long canal to bring surplus water

equivalent of several power

from the Brahmaputra to the Ganges to irrigate north-east India and western Bangladesh This was rejected by Bangladesh at the time as cutting their country in two, absorbing large areas of cultivated land and implying too great an Indian domination, Subsequently Bangladesh put forward proposals for a smaller

If the giant project ever got off the ground, the World Bank and major donor countries would almost certainly be

asked to take part. It still has many hurdles to overcome. These include Chi-nese territorial claims in the part of Artnachal Pradesh in

north-east India which would be flooded if the proposed dam there was constructed.

The first sign of a new mood permitting feasibility studies on the project to go ahead will be whether the two countries can negotiate a new agreement can negouste a new agreement on dividing the waters of the Ganges below the Farakka Dam. The current agreement expired last year and a new one will be needed before water levels get low in December or January.

Japanese urged to lead normal lives despite emperor's illness

By Ian Rodger in Tokyo

JAPANESE government leaders yesterday urged people to carry on with their lives

normally despite the critical illness of Emperor Hirohito. Mr Keizo Obuchi, the chief Cabinet secretary, said at a press conference in Tokyo that self-restraint was "not appro-priate" and that the emperor himself did not appreciate some of the excessive measures of respect being taken.

The Government has been startled by the strength of public reaction to the emperor's illness and may be worried by the efforts by traditionalists who are trying to stir up nationalistic sentiment. There is a group of people in Japan who are using the occasion to press their view that the emperor is still a god and so the Government should agree to carry out all the traditional rituals associated with the death of one emperor and the accession of the next, many of which are religious.

Namibia talks end without agreement By Michael Holman

TALKS on independence for foreign troops from Angola ended yesterday without agreement, but Angola, Cuba and South Africa agreed to hold further negotiations.

The three governments will

be studying a compromise pro-posed by the US on a timetable for the withdrawal of 50,000 Cuban troops from Angola. Washington is understood to have suggested a two-year

Officials involved in the talks said they had made progress towards closing the gap between Pretoria's demand for a seven-month departure, and Angola's offer of three years. Asked whether agreement had been reached on the timetable. the main issue dividing the two sides, Mr Nell van Heerden, leader of the South African delegation, said: "We're not that far."

In a statement after four days of talks in the Congolese capital of Brazzaville the parties said it was their "firm intention to resolve remaining

South Africa yesterday confirmed that President P W Botha would meet President Mobutu Sese Seko of Zaire

The Government would face strong criticism if it did so. The postwar constitution imposed a clear separation of religion and state, with the aim of preventing the kind of adulation of the emperor that con-tributed to Japan's pre-war militarisation. Also, at the behest of the US occupation authorities, Emperor Hirohito renounced his divine status after the war. Traditionalists

believe he never accepted the renunciation and are taunting the Government to maintain the traditional rites of passage. Since news of the emperor's illness first emerged on September 19, the pattern of daily life in Japan has changed con-siderably. Festivals and parties have been cancelled and radio and television stations have featured nearly continuous

by Nissan Motor to withdraw a television commercial in which a model says, "How are you everyone?" The Japanese phrase for this means literally, "are you well?" and Nissan "are you well?" and Nissan feared it might be disrespectful to the emperor. Toyota Motor withdrew a poster advertising a new car with the slogan, "The joy of living".

A department store in Nagova has cancelled a sale to celebrate the victory of its

celebrate the victory of its baseball team. The country's private railways issued dark blue ties to their employees.

The Government itself bears a considerable share of the responsibility for the strength of public reaction. When the Cabinet learned of the emperor's illness, it was quick to adopt a posture of near emergency. It cancelled two important overseas visits by the finance minister and the foreign minister and ministers dropped plans for normal pub-

opposition in an effort to blunt the influence of the commu-nist Khmer Rouge guerrillas, the New York Times reported yesterday, according to Reuter in New York. US banks in Asia

Leading US investment banks in New York are expanding bond selling operations to include Singapore and Hong Kong, despite limited interest ties by Asian institutional investors outside Tokyo, Reu-ter reports from New York. Bond market sources said three companies, led by Salomon Brothers Asia, are to open Asian offices, or have expanded existing fixed income departments in these

Australian coal deal Coal miners in southern New South Wales have become the first to accept radical work practice changes in the industry, Reuter reports from Sydney. A meeting of 2,000 miners voted narrowly to accept proposals to keep mines open over Christmas, extend daily work hours to eight from seven hours and introduce flexible rostering.

Rangoon strikers

The Burmese military government said more than half the employees of five ministries in Rangoon have returned from a pro-democracy strike, but a Western diplomat said yester-day the workers planned only to pick up their paychecks, AP writes from Rangoon.

Pakistan Speaker recalls MPs

THE politics of Pakistan have been plunged into further chaos by the announcement of the parliamentary Speaker that he has reconvened the dissolved National Assembly to start a new session on Sunday. The assembly had been dis-solved in May by the late Presi-dent Zia ul-Haq before his death in a mysterious airplane crash in August.

The move follows a high court decision on Tuesday that Gen Zia's dismissal of the government and dissolution of the assembly were illegal.

Although the court order did.

not restore the assembly, Mr Hamid Nassar Chattar, the

Aoun, Army Commander and, as of midnight last Thursday,

Prime Minister of a military

government composed of just two other Christian army offi-

"Think of the big themes,"

the General says. "Get Israel out of the south. Get the Syri-

ans out. Restore Lebanon's sovereignty. That's it." Gen Aoun makes no secret of

the fact that he aspires to be

Lebanon's saviour. But how does he intend to set about

that monumental task, in a

country riven by more than 13 years of civil strife which have

not left his own army unscathed - as the defection of the three Moslem officers

appointed to his cabinet

shows? "Well, we have to have our

sovereignty first, and stability, and then to make political reforms, and to conclude some

entente with Syria," he pre-

scribes. Big themes indeed. But for the meantime, the General

finds himself immersed in the

problem of how to give credi-bility to his claim that his

three-man army cabinet really

represents the whole country.

Speaker, a close supporter of Mr Mohammed Khan Junejo, the ousted Prime Minister, believes it nullifies all actions

taken since May.
"The court said the grounds for dismissal were not sustainable in law which I interpret as meaning we have not been sacked and the assemblies should be revived. Mr Junejo is thus still the Prime Minister and has the authority to sack the caretaker government, and decide whether November's elections should go ahead."

According to Mr Chattar, the Constitution empowers him to reconvene the National Assem-bly if requested by at least a

theme reform for Lebanon

General prescribes big

quarter of the 237 its members Telegrams have been sent to all former members and so far 106 have signed, including Mr Shujaat Hussein, Industry Minister in the caretaker cabinet and some who have left Mr Junejo's party to join the new government Moslem League. Mr Chattar was advised by the President Ghulam Ishaq Khan to wait for the details of

the court judgment expected in two weeks, but after consulta-tions with Mr Junejo, Mr Chat-tar decided to call the session for Sunday. Rather than face ugly scenes, the Government is expected to obtain a stay order from the Supreme Court.

Israel hints Taba dispute may drag on By Andrew Whitiey in

Jerusalem

AN international arbitration panel in Geneva ruled yester-day in favour of Egypt's claim to the Taba enclave, at the head of the Gulf of Aqaba, which has been held by Israel since 1967.

Israel, however, indicated yesterday that the widely expected judgment might not mark the end of the prolonged dispute, over a 700-square-me-tre scrap of sand whose only value derives from the presence of a luxury resort hotel.

The panel, set up after the failure of bilateral talks, ruled failure of bilateral talks, ruled four-to-one in favour of Egypt, with Professor Ruth Lapidot, the Israell delegate, casting the lone dissenting vote. Another eight disputed spots along the Sinai desert border were awarded to Egypt, while the remaining five went to Israel. Israel refused to hand over the Taba region in 1982, when its withdrawal from Egyptian territory was due to have been

territory was due to have been completed in accordance with the peace treaty signed three

years earlier. The dispute has become a serious bone of contention between the two countries. In the first official Israeli response to the verdict, Mr Yossi Ben Aharon, the hard-line director-general of Prime Minister Yitzhak Shamir's office, argued that the panel was not competent to pronounce on either the rightful ownership of the Taba region, nor the precise line of the bor-

Signalling the right-wing Likud party's intention to drag its feet over the implementation of the decision - at least until after the November 1 Israeli general election – he proclaimed: "Everything is open to negotiations.'

The Egyptian-born Mr Ben Aharon told the Army Radio that the dispute should not become a point of tension with Egypt. But he left open the possibility that Israel might not return the enclave, in defiance of the arbitration tribunal's previously agreed terms of reference.

meet within three weeks to dis-cuss the implementation of yesterday's ruling, and then have a further month to put it into effect.

ing in Israel over "Who lost Taba?", demonstrators from the Likud and Tehiya parties yesterday gathered on Taba beach - israel's only topless bathing spot - to voice their opposition to any handover.

bulletins of the emperor's condition delivered by announcers wearing sombre suits. Among the gestures now being criticised are a decision

Howe to meet Velayati

following Geneva talks By William Dullforce in Geneva

Mr Robert Young, head of the Middle Eastern department in the British Foreign Office, left Geneva yesterday for New York to brief Sir Geoffrey on the results of the talks.

The talks, originally scheduled to last only one day, were

led by Sir David Miers, assistant undersecretary of state for Middle Eastern Affairs and Mr Mahmoud Vaezi, head of the Iranian Foreign Ministry's West European desk. They

Britain had earlier insisted that normal relations could be its diplomats in Tehran was guaranteed and if there was complete reciprocity in the number and rank of diplomats

No decisions have been taken in Geneva, according to the mission spokesman.

Philippines trust officials resign

TWO OF the three top executives in a Philippines trust set up to privatise assets controlled or foreclosed by government banks have resigned, claiming the body has lost credibility following changes in government policy mid-way through important sales negotiations, writes Richard Gourlay in Manila.

SIR GEOFFREY HOWE, were prolonged to work on the British Foreign Secretary, will diplomatic representation meet Mr Ali Akbar Velayati issue, according to a spokes-

his Iranian counterpart, in New York today with the prospect for a normalisation of relations between the two countries apparently much improved after three days of talks between senior officials in Geneva.

man for the British mission

Representation in London and Tehran was reduced to one diplomat last June after an Ira-nian diplomat was held in the UK for alleged shoplifting and a British diplomat in Iran was beaten up by revolutionary

resumed only if the safety of in the two capitals.

The resignations of Mr Leopoldo de Guzman and Mr Man-uel Lim, at the top of the government's Asset Privatisation Trust are the latest blow to a key economic programme. Privatisation was supposed to show that the present gov-ernment accepts it has no

place in business, in contrast

to the former government.



Aoun: big themes

He seems genuinely sur-prised at the Moslem boycott of his government, pointing out that the three officers con-cerned a Sunni, a Shilte and a Druze - were close to their communities' political leaders, Dr Selim al-Hoss, Mr Nabih Berri and Mr Walid Jumblatt. The two other Christian officer-ministers are politically

Gen Aoun insists that there can be no compromise with the rival administration in West Beirut and its Sunni Muslim acting Prime Minister, Dr al-

The General, now consolidating his position, represents a formidable obstacle to Syria. Last week he sank his differences with the powerful and defiant Christian militia, the Lebanese Forces. Together, the Army and militia would be hard to defeat militarily.

But he may represent an opportunity too. The Syrians have been looking for someone who can deliver the Christian side in a settlement. At one time, they hoped Gen Aoun would crush the militia by force. He says he will not do that but he does hope to that, but he does hope to deliver the militia politically if an agreement can be worked "The Syrian presence in Leb-

anon cannot be eternal, it has to end, and therefore we have have an agreement with them," he says. "Even the Leb-anese Forces, which manifest a radical opposition to them, must accept this solution, and I think they would." Gen Aoun and other senior Christian leaders say an agree-

ment has been worked out between him and the Lebanese Forces on a long-term solution to the problem of the militias in the event of a settlement. They would all be incorporated into the regular army as spe-cial brigades, allowing the mil-itiamen to retain both jobs and

If Lebanon is ever to find a saviour, the General might not be as unlikely a figure as he may seem. He is certainly held in high esteem within the army, where his army, where his devotion to the flag is unquestioned.

Nor can he be easily dismissed as an Israeli stooge. As a Colonel, he was in charge of Lebanese Army units in West Beirut during the Israeli incursion in August 1982. The Israelis asked him to send his men into Sabra and Shatila in search of Palestinian guerrillas. He refused.

The two countries are due to With a row already gather-

Timbuktu learns to live with drought

T the turn of the nineteenth century the Scottish explorer Mungo Park set out for the city of his dreams: Timbuktu. He never arrived. Most of his party perished during the overland trek from the Atlantic coast to the River Niger. He and the remainder were no luckier; they were hacked to pieces by hostile tribesmen while sailing down the river.

Park at least had the right idea. At the time, reaching Timbuktu by water was entirely possible. The city was once a bustling port on the banks of the great river loop that skirts the Sahara Desert before turning south to Nigeria and the sea, Even in the 1960s river freighters could make their way via canals right into the city.

Anyone trying the same thing today would have rough going. In the last 15 years, one of the worst droughts of the century has hit nine Sahelian countries, stretching from the Cape Verde Islands to landlocked Chad in the heart of the

Nicholas Woodsworth tells of success stories in a desert city that was once a port

continent. One consequence is that Timbuktu in isolated northen Mali has been left high and dry - Niger river traffic now comes no closer than 15 kms to the city. River transport, however, is the least of people's problems here. Far more critical to their survival is the disruption of the main economic activities of the area: farming and livestock

No longer do seasonal rains provide the type of annual river flood and ebb that over centuries created a large inland delta rich in alluvial soil and grasslands. Much of this fertile land is now being reclaimed by the desert. Twenty years ago rice was grown along a flood plain that extended 25km beyond Tim-buktu. Today there is only a 2km band left, and advancing sand dunes are threatening the sand dunes are threatening the 700-year-old town itself.

The experience has radically altered many approaches to the problems of drought and desertification. "We have learned the need

whole question," says Mr Brah Mahamane, executive secretee to Fight Sahelian Drought. Set up in 1973, the nine-country body, like many organisations in the Sahel today, has ceased seeing the solutions to desertification in merely technical terms. "You can't design a reforestation programme and ask a man to plant trees when he cannot feed his wife and

Desertification, Mr Mahamane stresses, is a phenome-non for which man is to a large extent responsible. Demo-graphic pressures have led to overgrazing, the destruction of forests for cooking fuel, and the depletion of fragile soils through poor farming manage-ment. The answer, he says, is not just a narrow, scientific one; It also lies in adapting traile environment.

children," observes Mr Maha-

to bring a global view to the much to allow the population to recuperate from its almost tary of the Inter-state Commit- Multilateral, bilateral, and non-governmental organisa-tions (NGOs) have now devel-oped a wide range of farming and livestock programmes suitable to the new climatic conditions. Entire villages in the area have rearranged age-old productive systems. "After almost 20 years, people here have realised that drought is no longer a crisis but a normal condition," says Mr Tom Wydeveld, an irrigation specialist with Unicef in Timbuktu.

Some of the local development programmes employ new and imported technology. Oth-ers have adapted already well known techniques. Yet a third type of project exploits previ-ously undomesticated sources of plant food. That includes:

Floating rice cultivation, By ditional economic activities undertaking extensive dike-and social structures to a frag-building projects, Unicef has building projects, Unicef has been able to reproduce flood-In Timbuktu, such an inte- style conditions suitable to rice grated approach has done cultivation along the River

Near Timbuktu: Digging a dique in a dry river bed to hold the water that arrives during the rainy season for irrigating cross Niger's alluvial plain. New rice for their animals, Tuareg varieties and transplanting techniques have also improved

 Livestock fodder cultiva-tion. Most grazing land in the area has disappeared, but the NGO Veterinaires Sans Fron-tiers has introduced the systematicic cultivation of bourgou, an edible aquatic wild plant growing along the banks of the river. With new food sources

groups are rebuilding small livestock herds decimated in the past.

 Motor pump irrigation projects. The UN Development Programme and Capital Development Fund have financed pumping schemes to bring water to large fertile plains no longer irrigated by the annual flood. Although machinery and inputs are expensive, yields are

 Solar pump projects. In the arid nomad settlement of Tin Talout, 30km from the river. Unicer has installed a solar plump. In an area that drought has turned into a lunar land-

scape, sufficient water for market farming is now available. Along with a number of adult literacy, health, and nutrition programmes, such projects have given this devas-

tated area a new econonomic

Four years ago, not one village here produced any food at all. Today all are producing between 50 and 100 per cent of their food requirments. It is unlikely that the Niger River will ever return to Timbuktu. Some measure of confidence and security has, however, already begun flowing back.



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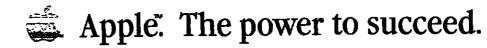
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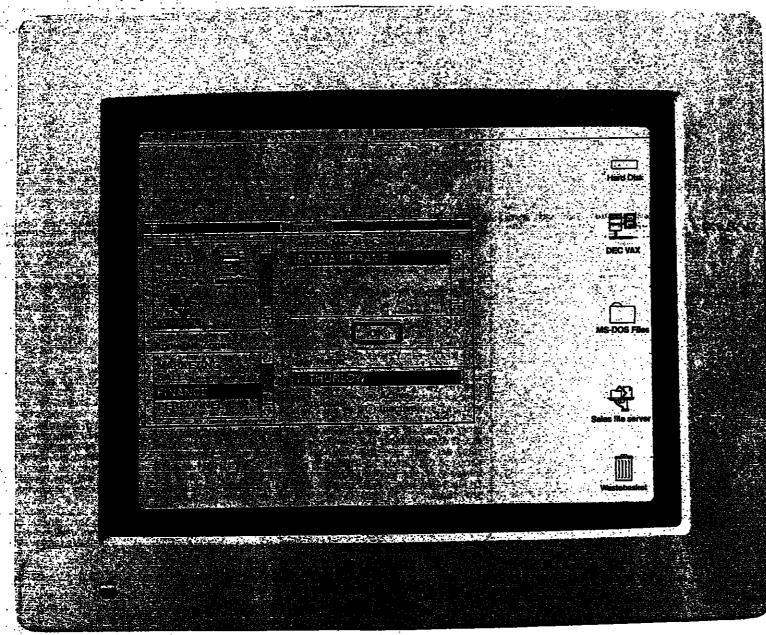
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WORLD TRADE NEWS

HE row between Britain

pean sales of Nissan cars made in the UK has

touched a nerve in interna-tional trade politics which

experts believe is likely to

become increasingly sensitive. At its heart has been the

question of whether France

has any legal right to impose unilaterally local content

requirements on cars that it

imports from abroad. It argued

that cars from Nissan's UK plant should be counted

against an existing quota on

imports of Japanese cars

high-technology industries

and France over Euro-

Westland offered deal to build helicopters in Egypt

By Tony Walker in Cairo

WESTLAND, the British helicopter maker, is being urged to drop legal action against the Arab Organisation of Industrialisation in return for a \$1bn joint venture in Egypt producing a sophisticated multipurpose helicopter. Lieutenant General Ibrahim al-Orabi, chairman of the organisation and former commander in chief of the Egyptian armed forces, proposes a joint venture to produce the EH101 helicopter, developed by Westland and Agusta of Italy, as a way of overcoming a longrunning dispute with the British company. Westland, which was involved in a joint venture with AOI to assemble the Lynx helicopter, began the litigation in 1979 following the with-drawal from AOI of Egypt's former partners — Saudi Arabia, Qatar and the United

By Peter Montagnon and William Dullforce

ABOUT 30 leading trade

ministers are to meet in Islam-abad, Pakistan, this weekend to assess progress in the Uru-

guay Round of multilateral

trade negotiations ahead of the

planned by the General Agreement on Tariffs and Trade (Gatt) for Montreal in Decem-

Emperor Hirohito.

mid-term review

Arab Emirates. Most Arab and Agusta have an equal states suspended relations with shareholding. He confirmed Egypt after it signed the 1979 peace treaty with Israel. Westland stopped the Lynx

project following a statement by the Saudi Defence Minister Prince Sultan Bin Abdel-Aziz that the AOI was being dissolved. However, Egypt passed a special decree to preserve the The organisation was estab-

lished in 1974 with capital of \$1.04bn to manufacture defence equipment for the Arab world. The AOI's remaining capital, subscribed by the original partners, of \$700m is lodged in blocked European bank

Westland confirmed yester-day that discussions were taking place with Egypt on a pos-sible deal involving EH Industries, in which Westland

Ministers to review Gatt talks

However, participants warned yesterday against expectations that the group could make any negotiating breakthrough ahead of the

Montreal meeting, Instead

some said that frictions could

arise because of the slow prog-ress made by the Gatt in reforming trade in textiles.

The stand-off between the

called a conspiracy between

shareholding. He confirmed that agreement on a joint venture between EHI and Egypt could lead Westland to drop its £200m claim at the International Chamber of Commerce in Geneva.

The size of the market for the EH101 in Egypt and in the wider Arab world had not yet been clearly established. General Orabi said an added attraction was that Rolls Royce engines for the helicopter could be assembled in Cairo at the Arab British Engine Company in which Rolls Royce is a

partner. He said he would use part of AOI's funds in the blocked European accounts to invest in the EH101 project if EH Industries agreed to participate, and if agreement was reached with

industrial countries and some

developing countries which

were trying to stall talks on dismantling the Multi-Fibre

Arrangement and incorporat-

ing world trade in textiles into

the Islambad meeting which could still result in some clear

No agenda has been set for

normal Gatt rules.

Indonesia agrees barter deal

By John Murray Brown in Jakarta

with Iran

INDONESIA and Iran have concluded a one year \$300m constertrade deal under which the Iranians supply crude oil in exchange for rubber, paper products and tea. Iranian officials said the deal, signed after a visit to Tehran by Mr Soe-dradjad Djiwandono, Indonesia's junior trade minister, would enable fran to procure sential Indonesian tropical products hitherto bought through third parties.

Under the accord, Indonesia will take an estimated 13.5m barrels of Iranian crude for its Cilacap refinery in central Java. Cilacap, which uses around 85,000 barrels of crude a day, will still need Saudi Arabian Light, officials said. Indonesia launched an offi-

cial countertrade policy in 1982 in limited form that involved Government contracts and still required cash transactions. Contracts worth about \$2bn have so far been concluded. Protocols have also been agreed with various Comecon countries including Bulgaria and the Soviet Union, under which Indonesia sells various agricultural products in exchange for light industrial equipment.

This week's accord with Iran however marks the biggest barter deal to date and satis-fles Indonesia's need to con-serve scarce foreign exchange keen to offer various products from IPTN, the loss-making

aerospace industry.

could still become involved if, as many in the European car industry desire, a similar 80 per cent local content require-

The basis for the French attempt to curtail imports of Nissan cars has been France's policy of limiting Japanese producers to a 3 per cent share of its home market. This has never been challenged in the courts but European Commission officials believe that such

unless their European content is at least 80 per cent. International rules on local content are generally reckoned to be ill-defined and underde-veloped, but trade officials acknowledge that they are likely to play a growing role in trade disputes of the future because of the wider spread of cross-border investment flows and the rising importance of

which draw on a multiplicity of sources for their final prod-Yet the General Agreement on Tariffs and Trade has no specific to define when and whether local content requirements can be used as an instrument of trade policy. The subject is covered vaguely by paragraph five of its Article III which was inserted originally to regulate butter production per cent in 1991. and outlaws the practice of establishing quantitative requirements on the production of goods. International

also extremely vague.

The European Commission's statement yesterday that Nissan's UK-made cars count as European may well mean that this particular argument goes down in the records as a parochial European squabble. But the international community

ment is imposed on imports of Honda and Toyota vehicles from the US.

Nissan row touches a raw nerve

a quota is almost certainly illegal under both Gatt and the EC's own competition rules. If France's legal position is weak, that of Britain is not necessarily uncontroversial.

extremely difficult to calculate - Isbour accounts for a large proportion of added-value in the manufacturing process. whereas the intention of countries like Britain which seek to impose local content require-ment is that locally-produced components should be used in

the manufacture.
The basic yardstick used by the EC to define whether a product is locally-made is that of the Kyoto Convention which it adopted in 1975. This states simply that the last substantial transformation which is eco-nomically justifiable should take place locally for a product to count as European, but it

Industrialists, particularly in the high-technology sector, fear that this kind of arbitrary imposition of local content requirements is set to proliferate unless more systematic regulation can be introduced

Like most industrial countries Britain imposes no mandatory local content requirements on foreign companies seeking to set up plants, but in return for government financial assistance to Nissan it did secure from the Japanese company a commitment that its cars would initially contain 60 per cent EC content, rising to 80

For some in the interna-tional trade community this already smacks of trade-disaiready smacks of trade-dis-torting restriction, imposed not through mandatory require-ment but using an unfair car-rot of financial subsidy. More-over the figures of 60 and 80 per cent were largely plucked out of thin air. There is noth-ing in international mactice to ing in international practice to confirm that such a specific percentage is required to ensure that a product is made

makes no reference to specific percentages. However the EC has overridden this in the past to intro-duce a specific 45 per cent by added value and parts on tape-recorders and television sets.

More recently it adopted a requirement that 40 per cent of

requirement that 40 per cent of parts used in assembly operations by Japanese companies found dumping in Europe should be of non-Japanese crigin if assembled products were to escape dumping penalties as well as directly imported ones. Industrialists, particularly in the high-technology sector, fear that this kind of arbitrary imposition of local content requirements is set to prolifer-

ate unless more systematic regulation can be introduced. In one of the rare cases involving local content, Gatt did force changes in Canada's Foreign Investment Review

Peter Montagnon on a dispute over local content requirements The high labour content of cars makes local content ment in 1984. This followed a systematy difficult to calculate complaint by the US that its investors were being forced to adopt a local procurement pol-icy in return for authorisation to establish themselves in Canada. Gatt ruled that this had led to discrimination against US manufacturers because no such requirement was imposed on their Canadian counter-

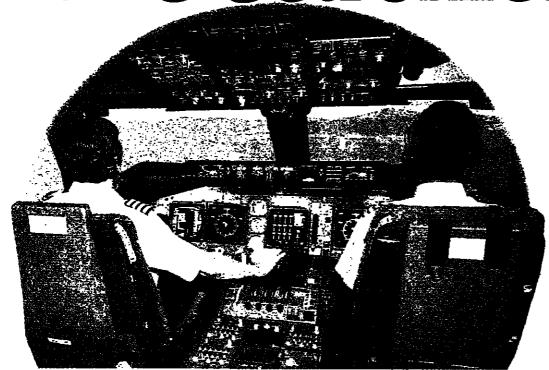
Now the subject is set to come up again in the Uruguay Round of multilateral trade liberalisation talks under the heading of Trade Related Investment Measures (Trims). "There will be a need to clarify the relevance of the Fira deci-sion in the light of the Trima negotiations," says Mr Peter Malcolm of the Confederation of British Industry, who has followed the negotiations

closely.
Ironically the question of Trims was introduced into the Uruguay Round at the behest of the US largely because it was concerned at investment restrictions frequently imposed by developing countries. A recent example is Pepsi Cola's venture in India where the US company was obliged, among other things, to manufacture concentrate for its soft drinks locally. Elsewhere, however, particularly on car and com-puter manufacture in Latin

America. In fact, the question of local content is now turning out to have considerable relevance to industrial countries too. The US, EC and Japan have all singled it out as an item for discussion in the Uruguay Round. Hopes in Geneva are high that new rules may emerge as a result, though for the time being at least the matter is attracting less attention than the more glamorous new issues of trade in services and intel-

indications of the areas in The two-day informal meeting will be attended by Mr Clayton Yeutter, US Trade Representative and Mr Willy de Clercq, EC External Trade Commissioner as well a trade US and Europe over reform in world agriculture is likely to which progress might be regis-tered at the time of the midconvention on how to define world agriculture is the year continue right up to the Mon-treal meeting and there is little chance of progress in Islama-bad, trade diplomats say. However, Mr Mahbub ul Haq, Pakistan's trade minister who will heat the Islamehed and diversify markets at a time when it is trying to boost exports outside its oil and gas term review this December. where a product originates is As far as trade in services, one of the other key Uruguay Commissioner, as well as trade Round subjects, is concerned sector. It follows a trip to Iran much depends on the ability of negotiators to find a way of ministers from many industrial last year by trade minister Mr Rachmat Saleh. It was then and developing countries. Mr linking the development aspi-Hajime Tamura, Japan's Trade will host the Islamabad mooted that Indonesia was meeting has already com-plained publicly about what he Minister is not expected to attend because of the illness of rations of poorer countries into their proposals for worldwide liberalisation.

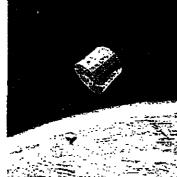
Cookson has a way with electronics



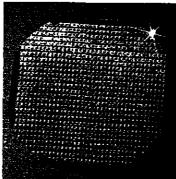
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Japan digs in for rice fight

JAPAN is digging in for a long and hitter campaign to protect its rice industry.

The message from Tokyo is that if the US wants a fight on rice, it will have a much tougher time than on previous trade issues.

Earlier this month, the US Rice Millers Association petitioned the US Trade Representative to open negotiations under the new strengthened trade legislation to prise open-Japan's rice market. The Trade Representative has to decide whether to do this just a week before the presidential elec-

Election or no, leading Japathe US that this could under-mine the entire US-Japan bilat-eral relationship, including the military links which are crumilitary imas which are cru-cial to the security of the Far East. "We have just explained to the Japanese people that we had to open the market for beef and citrus and other agri-cultural products and that we will discuss rice in the Uru-guay Round. If we now face a direct demand from the US on rice, we will lose the confirice, we will lose the confi-dence of the people," a leading member of the ruling Liberal Democratic Party (LDP) said

Rice growing is considered a vital part of Japan's rural economy and, to some, part of its cultural and religious heritage. The strength of feeling on the subject is striking. For example, within six days of the RMA resolution, the Japanese parliament unanimously rejected liberalisation.

eralisation.

Yesterday, a Japanese newspaper reported that the US goveriment was seeking an assurance that Japan would permit
imports of 300,000 tonings of rice a year, about 3 per cent of total demand. Within hours, the Government denied that it had received any such demand.

Rice growing is important to heavily on rural support. LDP politicians, who had been embarrassed about this connection, are now flaunting it. "If the rice market had to be opened, we would lose confidence in the regions. If the Japan Socialist Party then became the Government, this would have a detrimental effect on relations with the US," the LDP politician said yesterday. The JSP opposes the Japan-US Security Treaty.

Tokyo believes that the US Government, or at least the Reagan administration, understands the sensitivity of the

rice issue. Indeed, many US officials believe that it would not only be politically dangerous to pursue it but also coun-terproductive. They say that even if the market was opened, producers from south-east Asian countries rather than US

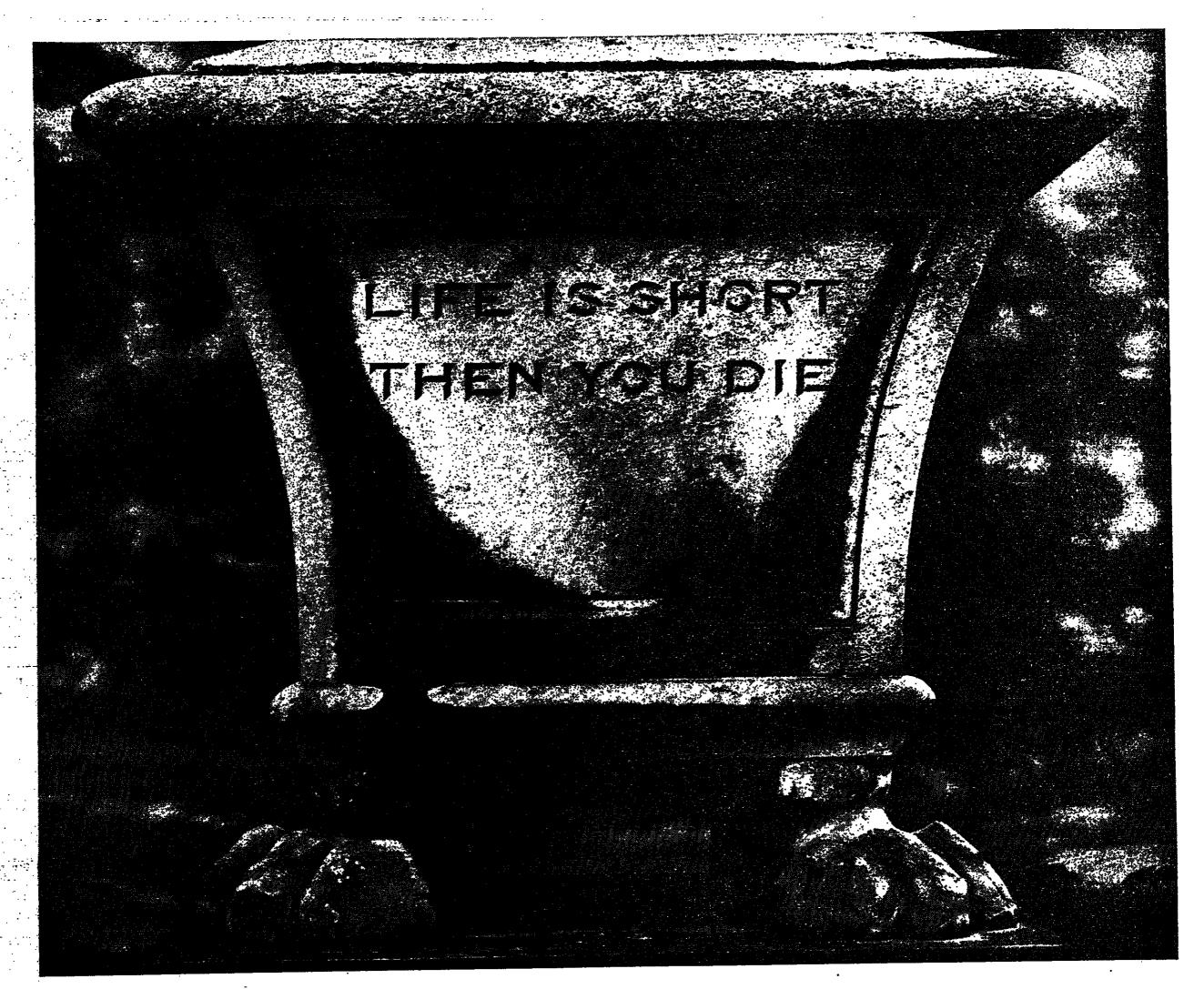
ones would benefit.
Until recently, the Japanese thought they had an understanding with the US that the issue would not be raised bilaterally, but in the Gatt talks. However, the RMA petition upset them, provoking hard-line statements that they would never open the rice mar-ket. That in turn put the Trade Representative in a difficult so obdurate, then obviously they had no intention of doing anything in the Gatt negotia-tions. In that light, it has become more difficult to turn down the RMA petition. To make matters more complicated, Vice President George Bush has backed the petition.
On the basis of past US-Japan trade disputes, the US
could well expect the Japanese to give some ground at this point to help the Trade Representative justify refusing the petition. But this time, there is not a hint of conciliation from

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"There must be a better way." And that's Lord Thomson, Chairman of the IBA talking.

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programmes like 'Coast to Coast'-the sort of thing that satellite channels can never hope to match.

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Financially we may no longer be dependent on our franchise, but we aim to keep it.

As Woody Allen also said: "I don't want to achieve immortality through my work,

I want to achieve it through not dying."

Generating board Growth of starts trials with foreign coal

Netherlands.

The CEGB, which burns

nearly 80m tonnes of coal a

year, currently imports only about 1m tonnes of coal for use

Under the joint understanding between the two industries,

British Coal already supplies 10m tonnes of coal a year at prices pegged to that of inter-national supplies. The volume reflects the amount which Brit-

ish ports could land from

be increased by up to about 30m tonnes a year if various

port expansion plans, espe-

cially on the east coast of England, come to fruition.

Britain imported 2.8m tonnes of coal between May

and July this year, more than a third more than in the same quarter of 1987, according to

the Department of Energy's

monthly Energy Trends, pub-

In the same period, British exports of coal fell by 14 per cent to under 500,000 tonnes.

Apart from a widening trade gap, however, the British coal industry turned in a series of

good production figures. Total

output for the quarter was up 5.1 per cent, with deep mines' production up by 3.8 per cent

and opencast pits by 12.8 per

lished yesterday.

However, this amount could

ocean going vessels.

by Thames power stations.

THE CENTRAL Electricity Generating Board has begun moving trial shipments of foreign coal to inland power stations as part of its rehearsals for privatisation of the electricity industry.

British Coal is putting a brave face on these activities. CEGB, its main customer, takes nearly 80 per cent of its annual output.

However, officials privately believe that the CEGB is attempting in a less flamboy-ant way what has already been carried out by the South of Scotland Electricity Board, which has ordered 1m tonnes of foreign coal this year.

The latest port trials are designed to give the CEGB experience of using new supply routes. They are also a thinly veiled warning that if the price was right, foreign coal would be burned in future.
The CEGB expects British
Coal to remain by far its big-

gest supplier. However, private coal traders believe it sees scope to import about 15m tonnes of coal a year once it has been privatised and split up into two competing generat-

ing concerns.
Yesterday, the CEGB confirmed that it landed 20,000 tonnes of coal at Newport, South Wales, two weeks ago for delivery to Didcot power station in Oxfordshire. It is also understood to be

planning coal movements to Ironbridge power station, Shropshire, through Liverpool. Last month, Liverpool's Glad-stone dock unloaded 20,000 tonnes of coal on the same vessel that brought in the New-port consignment. It was bound for Fiddler's Ferry

money in circulation 'above 8%'

By Simon Holberton, Economics Staff

THE NARROW measure of Britain's money supply, Mo, power station on Merseyside. The coal was delivered from the CEGB's large stockpile of Australian coal in the Nethertember and probably grew at an annual rate in excess of 8 per cent, City of London econo-mists said yesterday after ana-lysing the latest weekly banklands which is usually used to supply Thames estuary power stations. However, the trials also provide experience of shiping figures. ping coal directly from Australia and other places without trans-shipping it through the

The average of a sample of economists' forecasts suggests that M0 will grow by 8.1 per cent in September. The sample ranges from 7.9 per cent to 8.3 per cent. Mio

measures notes and coins in circulation and banks' balances with the Bank of Few economists said they

believed that the rise in M0's growth to above 8 per cent means that consumption and economic activity is speeding

Economists agreed, however, that the recent rises in interest rates have not yet had an effect on the pace of domestic demand expansion, which shows no sign of moderation. The Bank of England pub-lished its weekly banking return yesterday, which shows the level of bank notes in issue, for the fourth week of

Bank notes account for 85 per cent of MO and analysts can use the measurement of notes in circulation to determine the growth of the mone-tary aggregate with reasonable

accuracy.
In the March budget the Treasury set a target range for M0's growth of 1 to 5 per cent. It has consistently grown out-side that range, despite the Treasury's prediction that its growth rate would begin to fall

Bitter pill for big drugs groups to swallow Copycat makers of generic products are stirring up the industry, writes Peter Marsh

ENERICS (UK), a leading producer of generic copies of branded pharmaceuticals, operates from a series of nondescript buildings

next to the railway station at Potters Bar, just north of Lon-Only 10 miles further north, Glaxo, Britain's biggest drugs company, is building a gleaming £500m research centre on a Wacre site on the outskirts of

The companies may be only ashort distance away from each other, but they are light years apart when it comes to their operating methods.

Glaxo has a worldwide army of 4,200 researchers who this year will work their way through £300m in the quest for new branded drugs. Generics' total staff of 100, meanwhile, attempts to capital-ise on the research of the big

ise on the research of the big drug groups by selling copies of formulations which are already on the market. It is all perfectly legal. Generics (UK) — and the 10 or so other big producers of generic medications in Britain — wait for the patents on the wait for the patents on the branded products to run out and then apply for a licence to produce copies, usually at a significantly lower price.

In recent years the generic drug companies have stirred up a mixture of antipathy and grudging admiration among the mainstream, research-based pharmaceutical compa-

Besides Glaxo, other big UK groups in this business include Imperial Chemical Industries, the country's biggest chemicals group, Beecham and Wellcome. The smaller companies are resented for eating into the

They have, however, also

won respect for their aggressive marketing methods, which have led in recent years to a sharp rise in sales of generic drugs. They now account for about 10 per cent of Britain's annual pharmaceutical spend-

Generics (UK) has been at the forefront of the smaller groups' forays. The company, with annual sales of about £15m, prides itself on its ability to fight the bigger companies.
"We run a tight organisation
and work as a team," says Mr
Michael Clark, a Generics (UK)
director. He recalls toiling

ing of £1.9bb.

through last Christmas Day to tackle the paperwork needed to bring a new generic product onto the market as quickly as

Sitting uneasily in the mid-dle of the struggle is the Health Department. In the pharmaceuticals field the department has no fewer than three separate roles, the frequently contradictory ele-ments of which can spark off renewed conflicts between the two rival sectors of the indus-

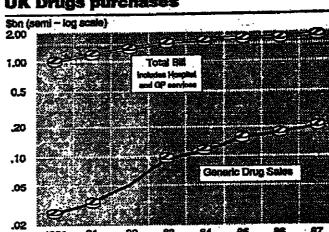
Britain's drugs spending, the department has a strong interest in promoting the generics industry with a view to holding down costs.
At the same time, however, has a strategic job in safe-

As the paymaster for

godyding the interests of attempting to ensure medications are safe and work as Due to the highly complex tests required to check on

these points before a drug enters the market, develop-ment times for new, branded products may be as long as 12 years, compared to a fraction of this period a decade ago. ent costs for a new drag today can often be as

UK Drugs purchases



The longer development cycles inevitably cut into the patent protection afforded to a new product when it eventually made on sale

ally goes on sale.

Patents offer protection of a drug for about 20 years, as a European norm, but this pro-tection is also generally taken at the outset of the product's development.

One effect is to intensify the

resentment felt by the research-based groups when generics companies bring out copies of a branded drug only a few years after the substance has entered the market.

This can be well before they have had the chance to recoup their high spending on the product, or so the big companies allege. Six months ago the Health

Department asked Touche Ross, the accountancy and management consultant group, to find out how the market for generic medications could be made more effective.

The civil servants concerned with this request knew they were stepping into a minefield. The study's terms of reference are careful to avoid any mention of the effects that increased generics sales could have on the maintenant pharm.

increased generics sales could have on the mainstream pharmaceutical industry.

None the less, virtually everyone in the healthcare industry recognises that any efforts to improve the supply of generic medications could wall damage the interests of many of the hig research has a of the big research-based

groups.

One way of increasing generics sales would be for the health department to insist that where there is a choice of certain drugs, the cheaper generic product should be pre-scribed.

The Health Department introduced a limited version of such a list three years ago, to cries of anguish from the research-based sector. Given the political clout of the main-stream industry, such a mos-

sure is unlikely to be repeated Other, less controversial, suggestions likely to be canvassed in the Touche Ross report include general efforts to persuade more doctors to prescribe generic products rather than the equivalent

rather than the equivariate branded version.

One method could be to shorten the long-winded names usually given to seneric medications, in the hope that doctors would find these easier to remember and thus prescribe

them more often.
The study could also attempt to improve the poor image that the generics industry often has, at least among the research-based pharmaceutical

Some observers believe that many generica producers lack the technical applistication to turn out their medications to the same standards as the big drugs companies - even though the products them-selves have the same chemical

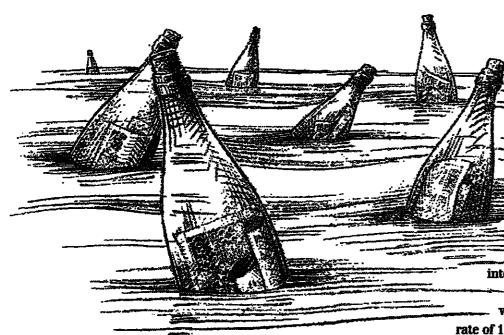
The Health Department says, however, that the Touche Ross report contains confidential report contains continuental commercial information and so will probably not be published. Despite this, the study is likely to touch off a further round of jousting between the two sectors of the drugs industry will be try whose repercussions will be felt beyond Whitehall.

Generics companies often complain that their margins are under heavy pressure due to the extent of the competi-

tion in the industry.

Also linked to the often mea-gre profits of the generics secfor are the distribution methods generally used in the business, in which wholesalers grab a large chunk of the sales price for a drug on its way from the supplier to the

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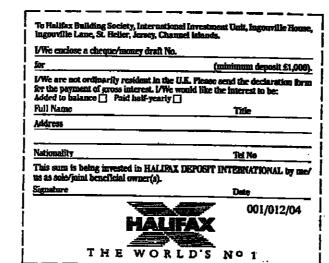
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The deal that snagged a shipyard's lifeline

Kevin Brown charts the course of a business disaster

UST OVER a year ago, a delegation from British Shipbuilders arrived in Copenhagen for the naming ceremony of the first of a new class of up to 36 small ferries to be built in the UK for Danish owners.
The externory was a share-

bles. The ship was late because of had weather in the North Sea, most of the guests were drenched by a thunderstorm, and many of the British party went home early.

The party in Copenhagen heralded the beginning of the end for shipbuilding on Wear-side, in north-east England - where more than half the world's tonnage was once built - and of the UK's lingering pretensions to being a major shipbuilding nation.

The route to disaster started early in 1986. Mr Peter Zacchi, a Danish naval architect base in Sunderland, approached North East Shipbuilders (NESL), British Shipbuilders' Sunderland subsidiary, with a prospective order for 24 small ferries, with an option for a further 12.

The ferries had been designed by Mr Zacchi for use in the crowded waters around the Danish islands and were

regarded by British Shipbuild-ers as technically sound.

Unusually, however, the terms presented by Mr Zacchi included complete technical and equipment specifications, detailed lists of suppliers and sub-contractors to be used, and specific instructions to the builders - right down to the number of coats of paint to be

The deal had another unusual aspect. The first four ships were to be built for a company called Molarco, the next four for VR Shipping, and a third group of four for Scandinavian Auto Transport (later renamed PZ Shipping). The final 12 were to be built for VP. final 12 were to be built for VR

Shipping.
All these companies were controlled by Mr Henrik Johansen, a Danish property developer and entrepreneur who planned to operate around half the ships through his own companies, and sell the rest to other Danish owners. Mr Johansen's idea was to use the ferries to compete with

the bigger and more costly state-owned ferries on the trade routes between Scandinavia and West Germany. In the event only two ships

were delivered, to Molarco, both of which are being oper-ated by VR Shipping on routes ated by VR Shipping on routes between Denmark and West already too late. Germany. Eleven more were In September last year, Mr Germany. Eleven more were launched, but have never left almost certainly never be built. What went wrong? The order

was surrounded by controversy even before it was placed. It was signed by Mr Zacchi as an agent for the companies controlled by Mr JohanThe is running out for British Shipbuilders' subsidiary, North East Shipbuilders (Nest) which is threatened with

No private sector bids for Nesl had been received last night, less than 24 hours before the deadline for offers expires at midday today.

The Government has said Nesl must close unless a viable

The Government has said Nest must close unless a viable hid emerges which would allow it to be handed over to a private sector owner before the end of the year.

Three possible buyers have emerged, and one or more is likely to make format bids today. They are:

A consortium of unamed businessmen headed by Mr Zacchi, which would resuscitate the ferries contract.

 Melton Medes, a Nottingham-based engineering company headed by Mr Nat Pari.
 Mr Alex Copson, a London businessman, who has offered to set up a company, Copson Shipbuilding, to take over the yards and build a fleet of waste disposal ships.

was to be financed. There were repeated sugges-tions in Danish newspapers that it was not viable. British Shipbuilders was even warned against the order by Danish iournalists at a stormy press conference announcing the contract but NESL desperately needed the order.

The British shipbuilding company had been formed by the merger of two famous yards - Sunderland Shipbuilders and Austin & Pickersgill and managers were finding it difficult to merge two flercely independent work-

At the same time, the order book was almost empty. A crane barge and the second of two cargo ships for West Ger-many were nearing comple-tion; the only other work was two diving support vessels for Stena of Sweden.

To Mr George Parker, then chief executive of NESL, Mr Zacchi's proposals looked like a heaven-sent opportunity to buy time to reorganise. He signed the order in July 1986, with approval from British Shipbuilders' head office. Less than a year later, and just before the contract began to go publicly wrong, he was removed for failing to merge the two companies to the satis-faction of British Shipbuilders.

Mr Parker was replaced by Mr Bill Scott, a highly regarded manager from Clark Kinkaid, British Shipbuilders' engine-building subsidiary, and it was Mr Scott who led the NESL party to Copenhagen for the first naming ceremony.

Meanwhile, Mr John Lister,

a former chairman of ICI Fibres, had taken over as chairman of British Shipbuilders in May 1987 and was drawing up plans to staunch the corporation's losses. But it was

Lister met Mr Zacchi and Mr Johansen, and agreed to make the Weir, and two more are in the final stages of construc-tion. The remaining nine will accommodate complaints accommodate complaints about the performance of the first ship.

"Everything that could be done to save the contract was done," a British Shipbuilders executive said later. But in October, Mr Johansen refused sen but it was never clear how to accept further ships, citing

alleged defects in the first of This is denied by British

Shipbuilders, which says prob-lems were due to the tight specifications in the contract - rusting decks, for example, are the result of Mr Zacchi's insistence that only one coat of paint should be used, the corporation says. In February this year, Brit-

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ish Shipbuilders offered to reschedule stage payments relat-ing to the contract, but declared Mr Johansen in default after receiving no reply. Two weeks later, after further fruitless negotiations, British Shipbuilders cancelled

most of the contracts in an attempt to force Mr Johans to negotiate if he still wanted the ships.

The result is a legal tangle two ships retained by the corporation are technically the property of Molarco, and a con-tract for one ship for VR Ship-ping remains in force. The remaining ships are the

subject of protracted legal debate. The collapse of the ferries contract was the final straw for the Government, which resolved to get out of ship-building by breaking up Brit-ish Shipbuilders and privatising or closing its component

parts.
NESL, left without orders, has continued to pursue a fillom Cuban order for 10 ships but the contract is dependent on £28m of Government subsi-dies, which ministers have made clear will not be provided unless the company can be

sold to the private sector. With less than 24 hours left afore the deadline for bids. that was looking increasingly unlikely yesterday.

Ministers were quietly sounding out candidates to chair an enterprise board to find new jobs for the work-

There is no clear explanation of why British Shipbuilders accepted such a controversial

"The yard had more than 3,000 workers and no work. It was just sheer despera-tion - shit or bust, Unfortunately it turned out to be bust," said one manager.



UK NEWS

House of Fraser report referred to fraud office

By David Waller

THE Department of Trade and Industry said yesterday that its as yet unpublished report into House of Fraser Holdings had been referred to the Serious

Frauds Office.

Lonrho, the international trading group headed by Mr "Tiny" Rowland, yesterday claimed that the the SFO's involvement gave the first real indication of the gravity of the DTP's findings.

DTI inspectors were appointed in April 1987 after a vociferous lobbying campaign by Mr Rowland, chief executive of Lonrho, whose long-standing ambition to control House of Fraser - the stores group which owns Harrods - was frustrated when the Egyptian-born Al Fayed brothers won an agreed \$615m hid for the company in 1985.

The 750-page report was com-pleted in July this year and the DTI has never given any indi-cation of its contents. But yesterday Lourho claimed that the SFO's involvement "highlights the need to refer the Fayed bid Monopolies and Mergers Com-

lenged by the Al Fayeds. "Given that Lonrho has cried fraud almost every week for the last few years," a state-ment from House of Fraser read, "and given that Lonrho has been exerting enormous pressure on the Secretary of State (Lord Young) ever since the Inspectors reported to him, it is not in the least surprising that a careful Secretary of State should seek the views of the Serious Frauds Office.

"We have never been concerned by his (Mr Rowland's) attacks and we are not con-cerned at this latest develop-

The SFO first became involved in July and August of

this year when the DTI gave it

FIMBRA (the Financial Intermediaries, Managers and Brokers Regulatory Associa-tion), the self-regulating organ-isation responsible for policing

small independent investment brokers and intermediaries

under Britain's new financial services framework, is 53.4m in

the nine months to March 31,

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certain, unidentified parts of the report for its consideration. Yesterday, the SFO's involve-ment was made public for the first time when it said that fur-ther time was needed for inves-tigation and consideration of

the case.
In view of this, the DTI said that the report could not yet be published, but that it would be "as soon as circumstances permit." It will bear in mind the statutory period of six months for a reference to the MMC, which expires in January next

Lonrho's disappointment that the report would not be published immediately was outweighed by its conviction that the inspectors would would come down heavily its

The international trading group first moved on House of Fraser in 1977, and in 1981 was prevented by the MMC from making a full bid. Mr Rowland was angered at the speed with which the Al Fayeds received official clearance for their suc-cessful bid – the bid was waved through without a reference to the MMC in just 10

Mr Rowland has persistently alleged that the Al Fayeds lied to the authorities about the source of their wealth and about their backgrounds.

The report was conducted by Mr Philip Heslop, a barrister, and Mr Hugh Aldous, an accountant Earlier this year, there was much speculation that their findings would be that their findings would be

published in August. Lonrho's shares have risen sharply since the summer and last week it emerged that Mr Asher Edelman, a US corporate raider, had accumulated a near 5 per cent in the company. Over recent days the share price has risen even higher as it emerged that the company had not ruled out a manage-ment buyout or assets sales.

1988, published yesterday, showed that the deficit rose in

attributable entirely to reduced income received because of the delay in implementing the 1986 Financial Services Act.

Reports that Fimbra was

this period from £1.1m. Lord Elton, chairman of Fin-bra, said the increase was

SLD leader rounds on Thatcher's record

By Charles Hodgson

MR PADDY ASEDOWN, Social and Liberal Democratic party leader, yesterday delighted delegates at the Demo-crats conference at Blackpool with a sharp attack on the Government's economic and civil liberties record.

Mr Ashdown also pledged

that the new party's "march to power" had begun. His keynote speech was con-centrated on the Government, criticising its handling of the economy and its "narrow nationalism." He accused it of undermining democracy and

liberty.

Mr Ashdown avoided direct reference to the Social Democrats and ruled out "compromises or coalitions."

He reserved particular criticism for Mr Nigel Lawson, the Chancellor of the Exchequer,

attacking the budget tax cuts and recent sharp rises in interest rates. He called for an autumn

mini-budget that ruled out fur-ther tax cuts and reined in personal borrowing.

Mr Ashdown avoided mention of defence, the issue on which past Social Democrat and Liberal policies have most sharply differed.

Failures turned incident into catastrophe

Steven Butler lists a timetable of tragedy on the Piper platform

NTERIM findings by the Department of Energy on the technical causes of the Piper Alpha disaster paint a right Alpha disaster paint a frightening picture in which a rapid sequence of human and equipment failure in the end gave those on board the stricken oil platform little chance of survival.

Although safety systems were obviously inadequate to deal with the full-blown emergency once it developed, it is more telling that almost every significant safety device falled at each important stage of events, allowing what might have been contained as a seri-ous incident to become a catastrophe, with the loss of 167

Mr Jim Petrie, who heads the technical inquiry, has put the most likely cause of the initial blast on the platform to failure of the most basic procedures - control room operators were unaware that maintenance was being performed on an injection pump for con-densate, a hydrocarbon that condenses during gas produc-

The pump's pressure relief valve had been removed and it may have been activated when an alternate pump failed. The injection pump is used to spike condensate into an oil pipeline for export from the platform.

operate, including the massive dousing pumps that could have flooded the platform with sea-water and contained the sever-ity of the fires. Even two lifeboats failed to inflate when platform workers reached points where they could have escaped. They were forced to find other routes into the sea, where calm conditions fortu-

where cann conductors of the nately aided rescue attempts.

Most workers on the plat-form apparently perished, how-ever, when they were unable to escape from the accommoda-tion unit where they had mus-

The sequence of events came as follows:

21:40: The southwest gas flare on the platform roared larger than normal. 121:50: Condensate pump trips off with alarm coming up on control room. ■21:54: Condensate pump can-

not be restarted. 21:56: Low-level gas alarms from compressor area sound and two centrifugal compressors trip off.

22:57: Two further low level gas alarms go off, and a third compressor trips off. A squealing or rushing noise identified

as escaping gas heard, followed by a fourth low gas alarm and a high gas alarm. #21:58: Initial explosion pene-

trates control room wall, knocking operators off their feet, and leading to failure of

power systems. Oil pipes believed ruptured. Mayday call issued from the MV Lowland Cavalier, alongside Piper

Alpha. 22:59: Emergency lighting system activates. Oil seen running outside the main oil line, small fire spotted. A diving decompression chamber door blown off hinges. Emergency highting comes on.

22:00: Piper Alpha sends May-

day. No alarms or public address announcements sounded on Piper Alpha at any time, possibly due to system failure. Sprinklers and deluge systems fail to operate. These had been switched on to manual because of diver activity near intake valves and no near intake valves, and no attempt is known to have been made to turn them on. Fire and smoke spread uninhibited through the platform.

E22:04: Personnel unable to reach emergency lifeboats because of the fire and smoke.

22.05: Series of small explosions throughout the platform.

Radio messages that platform is being about the platform. is being abandoned.

■22:10: Tartan, the nearby platform, shuts down gas exports to Piper Alpha after noting rise in pressure, indicat-ing a closure of valves on Piper Alpha.

22:20: Emergency lighting fails in the accommodation

in a firefall, believed to be caused by a blow-back of gas from Tartan as gas lines are rupured on Piper Alpha. m22:24: A broker riser is seen pointing down at an angle of 45 degrees and burning "like a

torch."

#22:35: West side of the platform deck drops about 30 feet.

#22:52: Violent explosion
engulfs rescue craft in a fire

■23:00: Fire seen on surface of the sea 150 metres from the platform. Occidental subsequently instructs depressuris-ing of main gas export line from the MCP 01 platform, 30 miles away. However, rapid depressurisation indicates gas was escaping at Piper Alpha. either because of the failure of an isolation valve or a rupture of the pipeline.

m23:30: Tartan finds no pres sure in gas export line to Piper Alpha as it attempts to depres-surise, indicating that all had escaped to fuel the fire at Piper

Alpha. Midnight: Sea reported bubbl-

ing with gas.

100:30: Accommodation block sinks into the sea.

101:00: Gas erupts and ignites on the surface of the sea and the structure of Piper Alpha The findings of Mr Petrie's

team are recognised as tenta-tive. A number of commis-

condensate injection pump is put forth as a preferred theory. Alternatively, excess liquid condensate in a drum may have carried over into a gas compressor, thereby damaging it and causing a leak. A retrieval of debris from the ocean floor may provide defini-

But regardless of the initial cause of the disaster, it will clearly be the safety systems designed to cope with incidents that come under severe scru-

In a letter to the industry, Mr Petrie has highlighted six areas for urgent attention,

including: 1. Permit work systems, which must operate so that supervisory staff are aware of all work in progress and that equipment

is physically secured.

2. Automatic initiation of fire fighting systems, so that if systems are not automatic there are at least procedures for rapid action.
3. Operability of liferafts must be assured and evacuation

routes must be adequate in emergency, and should possi-bly be enclosed to provide protection from fire and smoke.
4. Integrity of emergency systes must be protected against damage, with back-up systems located separately. 5 Venting or other systems to minimise damage in the event of explosions must be reas-

After the initial explosion alamost every emergency sys-tem on the platform failed to m22:22: A huge explosion engulfs the entire installation main and back-up emergency

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City watchdog in deficit

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The attraction of mature women

Companies will increasingly need to entice a valuable resource back to work. John Gapper reports

omen have bables. They leave work to bear them, and they often do not return. The number of women proportional to the number of men in any company therefore tends to diminish the more senior the grade. The men remain in charge.

This simple argument has for many years bedevilled the advocates of equal opportunities, enabling any company to argue that the reason why all its senior managers are men is the propensity of women to give birth. In the 1990s, such complacency is likely to go out of fashion.

Market forces are already encouraging employers to rethink their attitudes to women. The fall in the number of young people across Europe is putting pressure on compa-nies to find alternative recruitment sources, and the most obvious target will be women returning to work after having

"I think the problem of declining school rolls is going to open up a whole spectrum of equal opportunities. It's just a shame that it took something like this to do it," says Brian Goulsbra, group personnel manager at Littlewoods, the

British retail chain.
As the problem of skilled labour shortages adds to wor-ries in the south-east region of Britain, employers are thinking hard about the problem. J. Sainsbury, the supermarket chain, believes it will shortly be unable to find many of the 9,000 16- to 19-year-olds it now employs at evenings and week-

Labour market projections show that "women returners" will be one of the most fruitful sources of workers for employers who can attract them. The number of working women aged 25 to 44 is expected to rise by 900,000 by 1994, while the labour force as a whole grows by 400,000 less.

There is already evidence that women form a rapidly growing part of the labour market. Training Commission figures show that women people in work in the year to March. About 141,000 of them were in full-time employment.

The catch - as many employers have found in the past - is that mature women can be harder to attract than the young. The requirement to work full-time, difficulties in returning to work after having children, and the lack of child care facilities either at or outside work, can all alienate working mothers.

A number of employers have taken initiatives targeted at working mothers, which are now attracting interest. The most striking of recent moves has been the setting up of two pilot workplace nursery schemes by Midland Bank at Beckenham in Kent and Shef-field, South Yorkshire.

Care for the under-fives

Mothers in Britain are starting from a weaker posi-tion than those in most other European countries. According to a recent European Commission report, Britain is one of the least generous providers of care for the under-fives. There is public provision for just under 1 per cent of them.

Countries such as France, Denmark and the Netherlands make educational provision for between 20 and 30 per cent of their two-year-olds, while Britain makes none. Britain is also behind in putting into practice an EC draft directive that parental leave from work should be available to men and women.

Experiments made by companies have aimed to plug that gap for their employees. A report prepared for the Training Commission two years ago* identified a variety of strategies that companies could use to retain women employees who have babies or attract other women returners.

They were: setting up a workplace nursery; introduc-ing career break schemes to give extended leave; bringing in more flexible working patterns, including part-time work of the 611,000 growth in the self-help and counselling

groups among women employees; allowing employees to work from home.

Few companies have yet taken the plunge of setting up workplace nursery, many believing the cost of providing a service for all working mothers to be prohibitive. However, Midland's initiative has stimulated interest, and Lloyds Bank and Sainsbury are both considering the idea.

The Workplace Nurseries Campaign, an independent pressure group, estimates the cost of setting up a 24-place nursery at up to £35,000. One company that manages on less is Spencer, a maker of women's foundation wear in Banbury, Oxfordshire. The company estimates that its 20-place nursery costs £17,000 a year.

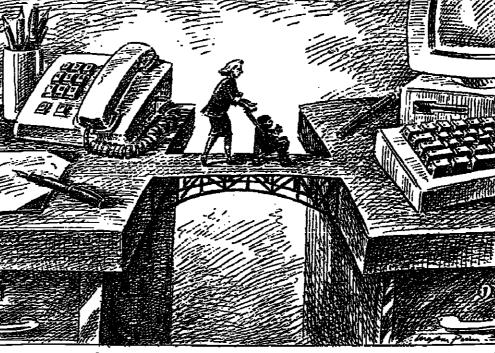
A more common response has been to bring in a formal career break scheme allowing women (and usually men) to take a break of up to five years from work with a guarantee of a job in a similar grade at the end of that time. Many such schemes have so far been restricted to higher grades. The large clearing banks,

with a majority of women staff, all have career break schemes built on top of statutory maternity leave. Barclays offers two choices to its senior clerical staff with five years' service, satisfactory performance rat-ings, and a banking qualifica-tion if relevant.

They can either take a full break from work for up to two years, or work part-time during that period. If they take a full break, they must agree to work a minimum of two weeks a year to retain their skills. They are sent some staff circulars and invited to events such as Christmas parties.

The importance of keeping contact is emphasised in Confederation of British Industry guidance as the most important factor contributing to the success of such breaks. "We try not to let them feel forgotten," says Susan Field, Bar-clays' Equal Opportunities Manager.

However, most women taking career breaks from Bar-clays choose to work part-time. They have to work a minimum



of 14 hours a week, and in return are allowed to continue with all the benefits given to full-time staff such as pensions and reduced cost housing

Yet the take-up of the Barclays scheme also illustrates the small scale of many career break schemes. There are currently 80 women on it out of 85,000 employees in the UK, 60 per cent of whom are women. Field says the bank constantly reviews whether to extend it, but it is felt adequate at the

British Gas operates a broader Skills Retention Pro-gramme under which women are given a series of options over and above the legal right to return to a job after the stat-utory maternity leave. The first - open to all grades - is to return to work after maternity leave, but on a new working pattern involving part-time

working or job sharing.
The second, also open to all grades, is a reservist scheme under which they can take a break of up to five years. Local managers keep in touch with them during that time, and they are sent details of all vacancies. A job is not guaranteed, but they are given preference over outside candidates. Finally, there is a formal

career break scheme guaranteeing a return job, which is open only to women over the grade of clerical supervisor with three years' service. Dur-ing a break of two years, they must keep up their training. The job they return to may also be in a different place. However, Sainsbury has just

relaxed its traditional requirement of job mobility in an effort to attract and retain more women among the company's 7,000 managers.

Demand for middle of day

Flexibility of shift patterns is a traditional attraction for women of jobs in retailing. John Wykes, personnel direc-tor of the retail division of Boots, the pharmaceutical company, says the demand for staff rises in the middle of the day - when many women with children want to work.

Flexible shift patterns can be extended beyond simply part-time working. The British Council allows job sharing among its 1,750 staff. The only requirement is that each of the two sharers must work 36 hours in a two-week period. It currently has 16 posts operated as job shares, and all

occupants are women. The Council also has a career break scheme which is open to all grades offering a guaranteed return to work up to five years after leaving for any of a variety of family responsibilities. Several companies have established women's discussion groups to advise on employment policy and counsel women considering having children. British Petroleum has established a Women in BP

up two years ago. Boots has set up a Returners' Network among manage-ment staff at its head office.

Some companies go beyond that to formal confidence-building measures for women. Littlewoods runs training pro-grammes - for both sexes to encourage assertiveness in competing for promotion.

Working from home has been one of the least exploited of alternatives, except for companies in sectors such as computing, in which a link with the office is relatively easy to establish. But there is evidence of companies becoming more willing to consider it.

Among eight women on parental breaks in BP companies at the moment, four are not working at all, three are working three days a week, and one is working full-time but splitting her weekly shifts between three days in the office and two at home.

Overall, many companies that have limited schemes are now considering extending them, and others that have not so far taken any of these initiatives are becoming more interested. Yet many remain confined to women in senior grades, or with specialist skills. As the labour market changes shape, this is also likely to change. Companies will have a strong incentive to find ways of spreading both the number and seniority of women they employ. In the next decade, social ideals are likely to find an ally in busi-

group, which advises on guide-lines on parental breaks drawn *Overcoming The Cureer Break — A Positive Approach; By Car-ole Truman; Training Commis-sion Publications, Room W1111, Moorfoot, Sheffield S1 4PQ.

ness common sense.

Management abstracts

Cash flow: FASE opens the floodgates. J.J. Mahoney and others in Journal of Accountancy (US), May 88 (9 pages)
Summarises the require-

ments of a new American accounting standard which replaces the funds flow state-ment with a cash flow statement based on a rigid structure and classified by operating, investing and finan-cing activities; points out that financial institutions may find compliance difficult but most companies will not.

An outbreak of ethics. R.E. Berenbeim in Across the Board (US), May 88 (5 pages)
Sees corporate ethics as a

matter of increasing and widespread interest in US business, with ethical consultancy emerging as a "cottage indus-try" - but sees no real sign that ethics are improving. CEOs, generally, being more critical of other organisations' ethics than their own. Examines evidence of the number of promulgated ethical codes (although many fall short of the ideal), but quotes academic opinion that codes do not deter unethical conduct, unless sup-ported by corporate educa-tional programmes. Argues that ethical concern has risen with the shift from a manufacwith its greater emphasis on with its greater emphasis on competitive edge; suggests that it all comes down to a basic education, through school, family and church. The manager's role in commu-

nicating for results. S. Long in Business Quarterly (Canada), Spring 88 (5 pages) Contends that managers who

spend a great deal of time com-municating management deci-sions should think about communications as a management technique rather than as something they just do - thus increasing their ability to influence others. Describes the principal steps/objectives of a management communications framework. This is claimed to help managers make better communications decisions by concentrating on desired outcomes, focusing on the receiver rather than the communicator, deciding what to communicate, how and by whom. Factory waste: computer-inte-

grated manufacturing. A. Lawrence in Computing (UK), June 2 88 (2 pages)

Presents opposing arguments as to the benefits of computer-integrated manufacturing with some of those quoted saying that integration is a waste of time as most

machines don't need the ability to communicate with each other, others maintaining that as the technology of engineering expands so does the need for communication with other functions, Quotes as a fainre General Motors' quantum lesp in manufacturing — especially worrying as GM was the driv-ing force behind the Manufac-turing Automation Protocol. Concludes that there is still a lot of interest in CIM, but that it is now realised that automation is not the answer to all the

Information systems in the executive suite. J. Mond in Datamation (US), May 15 88 (5

pages)
Claims that it is top manage ment who will be pressing the computer department for new information systems, that they will want them quickly, that will want them quickly, that they will require better infor-mation — not just on-screen versions of the unanalysed reports they already get, and that their use of such systems will have a knock-on effect on other systems. Quotes the views of several executives from, inter alia, Quaker Oats and General Motors on how systems should be designed, the effects they have, and on the need for a champion to make them successful. make them successful.

Auditing training and development. B.P. Murphy and R.A.

Swanson in Journal of European Industrial Training (UK).

Vol 12 No 2 88 (4 pages)
Suggests that, because it is very expensive to evaluate every training course, it could be beneficial to take a leaf

from the accountants' book by conducting a thorough audit of the training function as a whole or of major programmes: spotlights five areas for audit, covering compliance with needs, efficiency and effectiveness, trainee satisfaction/per-formance and business results; gives examples of each and draws the threads together with an account of a supervisory training audit.
Tough-minded ways to get innovative. A.E. Pearson in Rarvard Business Review (US),

May/June 88 (8 pages)
Blows the trumpet for constant innovation as the basis of market leadership, which starts with a CEO who is totally committed to structur-ing the organisation to encour-age innovative ideas and, when they are found and developed, going for broke in launching them on the market. Quotes

US business scene.
These abstracts are condensed
abstracting journals published
Management Publications. Licen of the original articles may be obtained at a seat of £4 each (including VAT and p+p; cash with order) from Anher, PO Box 23, Wentday HAS 653,

1 Surrey Street, London WC2R ZPS.

numerous examples from the

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Intil very recently, only those in the upper echelons of the social register ever inherited anything of any real worth. As the heirs of "well-to-do" families they knew what was coming to them, just as they knew what was expected of them.

This wealthy and worldly minority (perhaps 10% of the population) is now about to be superseded by a new, larger and more volatile band of inheritors: today's middle-aged, middle classes.

It is they who are set to become the "nouveau riche" of the 90's and beyond. And they will, in a very real sense, owe it all to their parents.

For it was the post-war generation who first enjoyed widespread home ownership. Now retiring in their millions, they will soon be conferring their wealth upon their already affluent 40 and 50 year old children.

A portentous event when one considers that even a modest estate can now be expected to top the £100,000 mark.

In fact, estimates predict that by 1997, parents passing away will pass on a staggering £24 billion a year. (240% up on current levels.)

Undeniably, the impact of this quiet, yet colossal transfer of wealth will be immense. It will affect



companies big and small, old and new, progressive and old-fashioned alike. It will doubtless affect you and your company. After all, millions of dutiful sons and daughters will be presented with dauntingly large legacies.

But will they spend, spend, spend? Or will they use their vast discretionary wealth with discretion?

Will they, as some pundits predict, fritter their money away on the likes of fritto misto di pesce and moules à la crème; German fitted kitchens; Milanese designer furniture; winter holidays in St Lucia and summer jaunts to gîtes in the Camargue?

Or will they, as rival experts would have us believe, plough their considerable capital into the City's money markets?

As it is, 1 in 5 adults now hold stocks and shares of one sort or another. 1 in 3 have taken out their own private pension plan. 1 in 10 have decided to invest in private health care. These figures could advance dramatically given sufficient nouveaux inheritors with sufficient financial perspicacity. No area of finance would remain untouched.

Private education, for example, could become a realistic and popular option for legions of middle class families overnight.

Whilst an ever-decreasing retirement age and a less munificent welfare state could bring pension and private health care planning to the front of millions of minds.

The vagaries of luck and fate need not decide your company's eventual response to all this, though. You can start doing something about the matter today, just by thinking ahead.

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TECHNOLOGY

The screw tightens on machine makers

Nick Garnett examines the much tougher demands being made by the US car industry

an big corporations put the squeeze on their equipment sup-pliers? Yes, they can; and this is just what is happening to the manufacturers of special production machines for the US auto industry.

Tighter tolerances, heavy warranties, the running of training courses for the car makers' employees, far tougher testing before installation; all these are being thrown at machine makers as requirements they must meet.

This means that machine builders are also being sucked into closer relationships with car makers, taking in both machine design and future component manufacture. The process is known as simulta-

neous engineering.
"People who do not change or meet these requirements are finished," says Dario Giannetti, sales and marketing vice president for Cross, one of the big three US special machine sup-pliers. "It is pretty one-sided now. We have no choice but to say yes. It is a lot tougher business than it used to be."

Supplying specialist equip-ment - such as transfer lines for manufacturing components like engine blocks, cylinder heads, transmission cases and crankshafts - has always been a difficult business. In the past six or seven years a stream of US suppliers has gone under. Barnes failed, Snyder went down, Bendix and LaSalle were merged into Cross. Greenlee went out of business. This has left three main US

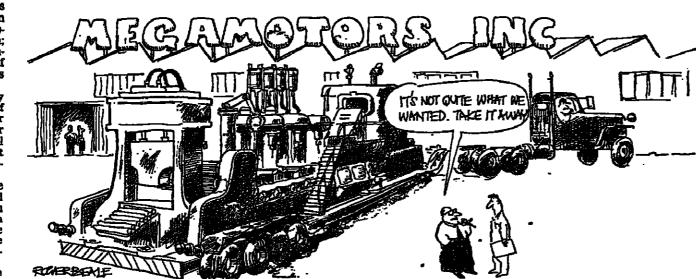
suppliers.
Ingersoll is a privately owned company in Rockford, Illinois. With its modern, interest of the company in Rockford, Illinois. grated manufacturing facility. it has taken the lion's share of recent US auto company busi-

Lamb has specialised in machines for making cylinder heads and transmission cases and now acts as a separate division of Litton Industries, which took it over last year.

Cross is part of the large but loss-making Cross & Trecker

The main change affecting the special equipment makers has come in their relationship with the big three car makers, General Motors, Ford and Chrysler. One of the reasons that Cross's performance was poorer those of than its US competitors was that it lost touch with this development.

"Ingersoll and Lamb saw



simultaneous engineering coming," says Giannetti, who has had long experience in the was brought in by Cross last year to try to rectify the company's marketing position.
"Cross thought it was a passing fancy and got excluded."

The company is now making headway again, having received a \$25m (£15m) contract for engine lines and put in a bid for a \$100m supply job. has a backlog of smaller

Perhaps Cross should have seen the trend coming, for it is not surprising that car companies want more from their machine builders.

First, there is increasing pressure on suppliers of equipment and components to improve quality and delivery and to reduce costs.

Second, there are good technical reasons why auto makers need simultaneous engineering. For example, it requires more complicated machines to

PRESSURE on US machine manufacturers

is being increased by foreign competition.

Three European suppliers are dipping a toe into the US market. Hüller-Hille of

West Germany has opened a production facility in Troy, Michigan; in charge is Bob Bowen, a former Ingersoll manager. It has already won a contract to supply a

cylinder block line for a Chevrolet plant, near Buffalo, and is competing with Cross, of the US, for a transfer line for a

Grob, another West German supplier, and Comau, of Italy, are also feeling their

new Ford aluminium engine.

make engines with four valves

Third, car makers have dras-tically cut their white collar beadcounts in recent years, throwing a lot of engineers out of work. This shrinking of their pool of talent has forced them to seek more involvement from machine makers.

Finally, there are new and more flexible machines on the market which encourage car companies to seek more co-op-eration from the manufacturers of these machines.

Traditionally, the equipment for making large components is the transfer line, a series of connected machining stations. Each station carries out an important task in the building of an engine – drilling a series of holes for example – and then automatically transfers the engine to another machin-

The advantage of these lines is that they can produce components at a rapid rate. The disadvantage is that they are

way into the North American market.

US equipment makers are also wary about the Japanese, with good reason. Toyoda, the machine tool making arm of Toyota, the Japanese car maker, this month purchased an empty factory at Howell, Michigan, a stone's throw from the big convenients of security.

the big concentration of car making plants in and around Lansing and Flint. The Toyoda facility will make a range of

equipment including a hybrid flexible machine which slots into a transfer line. Toyoda denies that it will sell transfer

lines. Cross believes that it will: "Toyoda

inflexible if a car company wants to alter the design of the component or make several model variations on the line.

The new flexible machines include head changers. Within seconds, these will exchange one head (a configuration of tools) for another. These head changers allow engine makers to run several different types of engine block through the same transfer line.

Up to the late 1970s, it was normal practice for a car com-pany to put out to tender a large machining equipment project. Machine builders then competed for the tender and one company was selected.

"Now car companies look for four or five quotes then narrow it down to two," says Giannetti. "They use simultaneous engineering in working with those two companies for a couple of months to see what solu-tions they have. Then, once they have also felt what competitive prices are on offer, they will choose one vendor

to five years. Machine makers have baulked at that because of the serious physical will be a serious competitor. They will

move into transfer lines," says Dario

Giannetti, sales and marketing vice-presi-

amounts of money."

matically.

and go with him."

The figures involved are considerable; a cylinder block

machining system can cost between \$40m and \$50m.

As vehicle builders tend to

make changes in specifications of new components right up to

production, simultaneous engineering reduces the likelihood

changes to the machinery. Since it was introduced - at

General Motors this started

with the Chevrolet Beretta and

Corsica lines - the need to

alter transfer lines to account

reduced by 75 per cent,"

Giannetti. "That saves huge

on equipment makers to offer

last-minute and costly

Japanese special machine makers are also piggy-backing into the US auto indus-try via the extensive partnerships between the two countries' vehicle mak-ers. Refurbishment at one Ford plant, for example, has been contracted out to Mazda – in which Ford has a 25 per cent stake. Japanese machinery going in there includes press equipment from Amino, Komatsu and Ishikawajima.

demands on a machine pumping through up to 150 parts per

Another demand is for guar-antees that machines will have at least 85 per cent "up time". But manufacturers protest that it is the way the machines are run by the vehicle builder that largely determines their reli-

One result of this is that car makers and machine tool suppliers are considering having machine tool company engineers permanently based on the car makers' shop floors. "It's protection for ourselves," says Giannetti.

Tighter tolerances mean that most machine tools now have to be made to a tolerance of half of a thousandth of an inch. To prove that the machine can stay within this throughout its three to five-year life, machine builders have traditionally had to test the machine to one half of that requirement. Now they are being asked for one quar-

The initial on-costs of all this to machine builders are high. They include them in contract prices, but it is difficult to quote accurately both to cover costs and remain competitive.

Giannetti lists a few of these extra costs. Machines are normally set up in the machine builder's factory and tested by the car maker before being shipped to the component assembly plant where further trials are held.

for late changes in component design has been reduced dra-Each of the two sets of acceptance trials takes about 12 weeks. But this is now being "One car company says that after-order changes have been stretched to 18 weeks. Machine builders have to cover the fin-ancing for that stretched period as they only get paid after completion of acceptance trials — 90 per cent following approval on their own shop floor and 10 per cent when the Car companies are leaning warranties on machines of up machine is up and running in

the car plant. Cross estimates that the training packages which machine builders are being asked to provide can cost up to

However, there could be long-term benefits for machine builders. They hope these new relationships will force car companies to understand some of the problems they face, in particular the burdensome cycles of feast and famine in demand for machines, which are inflicted on suppliers by the auto industry. They hope a more even ordering curve will come out of this.

A pump for an oil-gas mixture

STOTHERT & PR Fluid Engineering, of Bristol in the UK, is offering a system for offshore oil producers that will pump any mixture of gas and oil. This obviates the expense and inconvenience of separating the two at the wellhead and using different

pipelines. The twin screw, multiphase pumping system was developed with Shell, Mobil and BP and supported by a

£230,000 Aid for innovation

grant from the Department of Trade and Industry. its advantages are that it can improve efficiency in ageing or marginal fields, say the developers. For example, the system can achieve or increase production from wells which cannot normally flow to a gathering centre,

> down-hole pumps. It should also enable difficult fields close to existing production tacilities to be exploited. The new pump is available in two sizes; to deliver 55,000 or 80,000 barrels per day.

Beyond the battery

THE FUEL cell, a device in which the chemical energy resulting from the exidation of a fuel is directly converted into electricity, is an attractive idea which has defied commercialisation due to the

high cost of constructi So far applications have been restricted to military

equipment and space travel. But research continues because these devices produce power from simple fuels on a continuous b uniike batteries which eithe have to be re-charged or become exhausted and need to be disposed of. What is more, fuel cells usually produce effluent that does

no harm to the enviro For example, the Siemens research centre at Erlangen in West Germany has produced one of the biggest fuel cell arrays to date. It ordises hydrogen to chemically pure water and produces 50 kilowetts of power (the equivalent of 50

one-bar electric fires). There are no waste heat problems, which is not true of conventional electric nerators powered by The cells need very little

ence and have a long



WORTH WATCHING

Edited by Geoffrey Charlish

Connections to a

special team SCANVEST Ring Communications, of Norway, is making its digital automatic call distribution (ACD). systems available in the UK.

through Digital Distribution

of Kingston upon Thames. ACD systems are used where an incoming flow of calls must be answered by a special team of people. Connected to the compan exchange, an ACD unit will fry the team's extensions until a free one is found, putting the calls in a queue if necessary. Faster connection of customers reduces the business lost when they hang

up in frustration. Scanvest's DCD 600 is entirely digital and its operation can easily be ered by programming. For example, users can be arranged in groups accord to activity, and the groups can be re-arranged by the supervisor, using screen and

keyboard. The team's activity can be continuously monitored. Up to 500 users can be accommodated by the modular construction.

A small system, with five costs about £11.000.

Database for manufacturers

BRITISH Telecom's Dialcom subsidiary is to offer publicly an advanced manufacturing database (information sto over the Telecom Gold electronic mail service. It was originally compiled by the IEE (Institution of Electrical Engineers) for members' use

CONTACTS: Stothert & Phi: UK, 0272 327011. Stemena: UK office, 0932 752323. Digital Distribution: London, 943 3063. Disicotn: London, 356 6366.



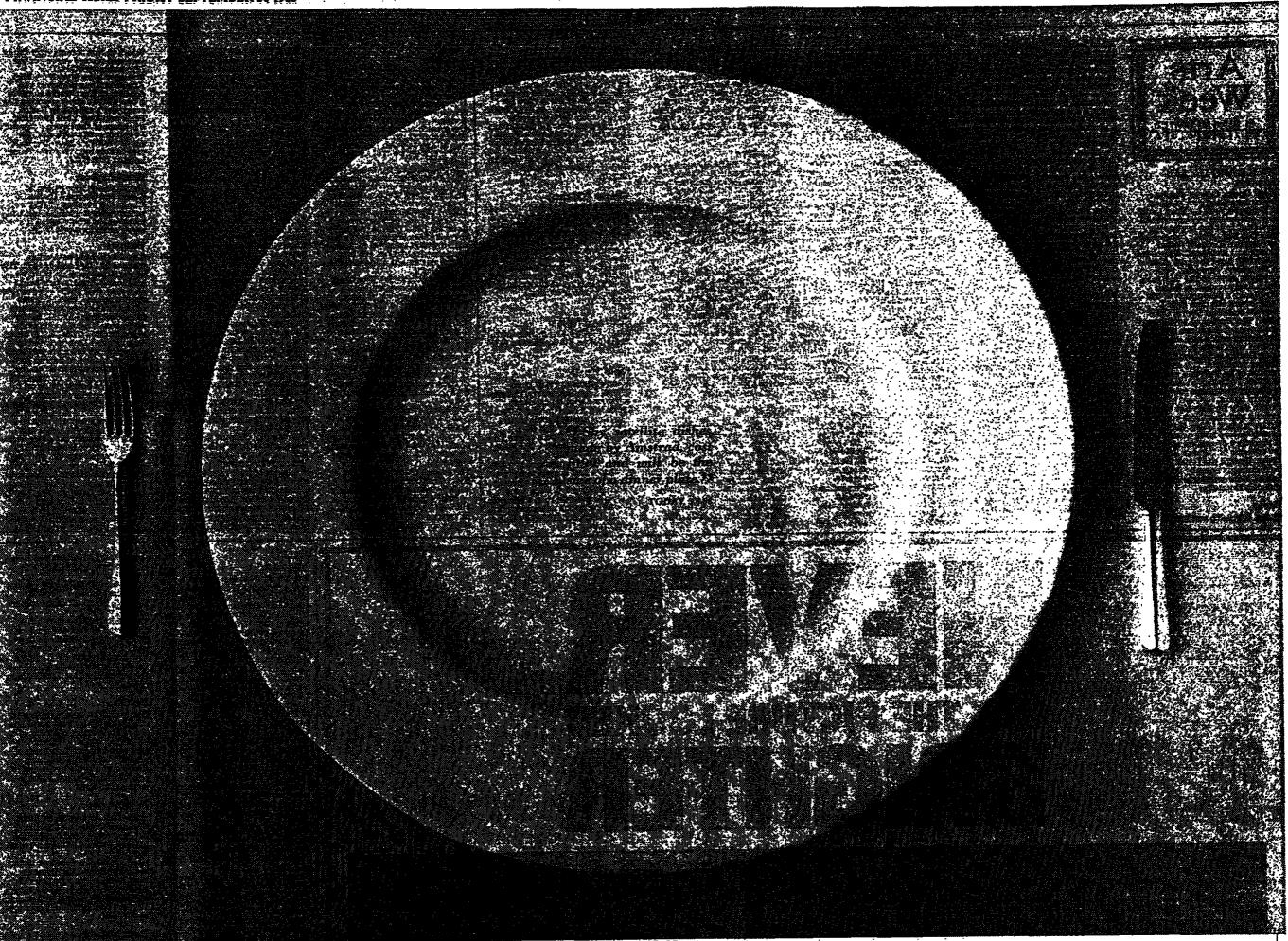


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you the warmth and hospitality of the Spanish sun, you should have no doubts as to which way to fly,

WARM TO THE EXPERIENCE.



Dear Rupert, If your satellite dish is a dinner plate, you must eat whopping dinners.

ecording to the British Ceramic Manufacturers' Association, the average dinner plate is about 10" across.

According to the makers, the satellite dish needed to receive Rupert Murdoch's Sky channel is 60cm across. Which is 231/2".

Yet here it is being likened to a dinner plate. Surely, even in Australia, dinners aren't this whopping?

There's worse. If you live north of Manchester, apparently you'll need a 75cm dish to receive Sky. North of Aberdeen, you'll need 90cm or more.

(And, over 90cm, you'll also need planning permission.) The reasons are simple: Sky plans to use the Astra satellite which is only medium-powered.



And it's centred on Luxembourg. At British Satellite Broadcasting, we've rather less

Our satellite will be a high-powered one, so our aerial is small. 10" square, to be precise. Or a quarter

And because we'll be centred on Manchester, you'll need nothing bigger to receive all three BSB channels from next September, whether you live in London, Birmingham, Manchester, Glasgow or Torquay.

As you can see, the quote above appeared in the Today newspaper, amongst others.

We trust Mr Murdoch, in his wisdom, has seen fit to put his colleagues straight on this. Interested? Call us free on 0800 900 900.

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OPERA AND BALLET London

Royal Opera, Covent Garden: the long-awaited new staging of Wagner's Ring by Yury Lyubi-mov, conducted by Bernard Hai-tink, begins at the beginning, with Das Rheingold, James Morris (Wotan), Kenneth Riegel (Loge), and Ekkehard Wlaschiha (Alberich) head the cast. Also in repertory: Turandot, with neth Jones in the title role and a lively revival of Elija Moshinsky's production of Die Entführung aus dem Serall. English National Opera, Coli-seum: The Barber of Seville, an unsuccessful Jonathan Miller production now overhauled. returns with Della Jones's spar-kling Rosina at its head; Stephen Barlow conducts. The new production of La Traviata is one of David Pountney's unidiomat hectoring incursions into 19th century opera, relieved by Helen Field's very English but touching heroine and fine Verdi conducting from Mark Elder. Similarly unsatisfactory ENO accounts of repertory operas come from the revivals of Carmen and Tosca, though the latter is at least strongly sung by Janice Cairns, Edmund Barham, and Malcolm Donnelly.

Paris

Opéra. Rigoletto conducted by

Alain Lombard/Alain Guingal returns to the Palais Garnier after 18 years absence, with Neil Shicoff/Taro Ichihara, Alain Fondary/Manuguerra and Alida Fer-rarini/Christine Barbaux. It alter-nates with Julius Caesar conducted by Jean-Claude Mal-goire, a specialist in baroque isic. Nicholas Hytner presents a production of remarkable beauty spiced by flashes of irony. The title role is sung by Graham Pushee, Cleopatra by Felicity Lott (bookings47425871, information in 3 languages 47425750). Palais des Sports. Alvin Ailey and the American Dance Theat present the Suite Afro-Caraibes for bird with love and revelations. Until Oct 16 (Bookings 48284090; information 48284048). Théaire de la Ville. Sankai Juku and choreographer UshtoAma-gatsu present, apart from a sur-prise creation, 20 or 21ostrich eggs standing up "through curiosity" in the rain of sand or

State Opera. In repertory: Le Nozze di Figaro conducted by Franz Welser-Most, with Mar-garet Price, Sylvia McNair, Bernd Weikl, Heinz Zednik (Fri, Mon). L'Italiana in Algeri con-ducted by Claudio Abbado, with Agnes Baltsa, Patrizia Pace, Ruggero Raimondi, Georg Tichy (Sat). Lucia di Lammermoor conducted by Rico Saccani, with Luciana Serra, Paolo Coni, Richard Burke (Sun, Fri). Simon Bocanegra conducted by Claudio Abbado, with Gabriels Lechner, Anna Gonda, Giuseppe Taddet (Tues). Boris Goudunov conducted by Mark Ermler, with ducted by Mark Ermler, with Yachmi and Noriko Sasaki (Wed). Maria Stuarda by Donizetti, conducted by Ion Marin with Agnes Baltsa, Maria Zampieri, Ana Gonda (Thurs) (51444,

Volksoper. In repertory: Das Land des Lächeins (Fri). Hoffmanns Erzählingen (Sat). Mignon
by Thomas (new production),
conducted by Ernst Maerzendorfer (Sun, Wed). Tiefland by
Eugen d'Albert, conducted by
Konrad Leitner (Mon). Die husties Witten englusted by Rudolf tige Witwe conducted by Rudolf Bibl (Tues). Madame Pompadour by Leo Fall, conducted by Rudoif Bibl (Thurs) (51444 ext 2662)

Deutsche Oper. Los Alamos, specially compsed for the Berlin Opera by Marc Neikrug will have its world premiere this week. The cast is led by Angela Den-ning, William Dooley, Wolfgang Trautwein and conducted by Arturo Ramayo. Katja Kabanowa has fine interpretations by Karan Armstrong, Patricia Johnson, Helga Wisniewska and William

Hamburg

Staatsoper. Der Barbier von Sev-illa features Janice Hall, Yoko Kawahara and J. Patrick Raftery. Der fliegende Holländer is respectable with Mechtild Gessendorf, Siegmund Nimsgern, Robert Schunk and Haranid Stamm. Die Zauberflöte has Hellen Kwon, brilliant as Queen of the Night. La Bohème brings Cristina Rubin, Patricia Wise, Urban Malmberg and Geoffrey Moses together.

Opera. Turandot has Olivia Stapp, outstanding in the title role with Hubert Mohler, Dieter Schweikart and Juan Lloveras in other parts. Dec Guidelman. in other parts. Das Gauklermar chen, the first opera by Gerhard Konzelmann, received controver-sial reviews on its premiere. Faust in Willy Decker's producraust in winy becker's produc-tion, is sung in French with Ulrich Hielscher (Mephistophe-les), Robert Bork (Valentin), Josef Protschka (Faust) and Ashley Putnam (Margarete)

Opera. Semiramide, newly pro-duced by Pier Luigi Pizzi, stars Cheryl Studer and Kathleen Luhlmann, Norma is revived with a new cast led by Rosalind Plowright in the title role, Flor-ence Quivar (Adalgiss) and Giorgio Merighi (Pollione).

Frankfurt

Opera. Der Wildschütz features Julie Kaufmann, ilse Grmatzki and William Workman. John and Whish Workman, John
Cage's Europerss 1 & 2 with
Michael Shamir, June Card,
Anny Schlemm, Seppo Ruohonen
and William Workman, William
Forsythe's ballet New Sleep-Die Befragungdes. Robert Scott and Skinny rounds off the week.

Milan

Teatro Alla Scala. A co-produc-tion by the Ballet National de Marseille and the Berlin Deut-sche Oper of Roland Petit's Ballet L'Angelo Azzuro, based on the novel by Heinrich Mann, with music by Marius Constant and scenery by Josef Svoboda. The cast includes Luciano Savignano. Roland Petit, Jeanne-Pierre
Aviotte and the singer Molva
(now well known outside Italy
for her dramatic performance
of songs by Kurt Weill) (Tues,
Wed, Thurs) (80.91.26).

Teatro Begio. Last two operas of Wagner's ring cycle produced by Gianfranco de Bosio and designed by Attila Kovacs and Santuzza Cali. Zoltan Pesko conducts Siegfried (Fri) with Ortrun Wenkel, Graham Clark, Gerd Brenneis and Heinz Ecker, and (Sun) Götterdämmerung with Stelia Doz, Reinhild Runkel, Wolfgan Schöne and Camilla Wolfgang Schöne and Camilla Ueberschaer.

Florence

Testro Comunale. Virginio Puecher's production of Verdi's Simon Boccanegra conducted by Myang-Whun Chung, with sets by Raffaele del Savio based on sketches of those used for the 1881 performance at La Scala (done under Verdi's careful supervision). Giorgio Zancanaro sings the title role, with Maria Chiara and Sandra Pacetti alternating as Amelia and Mario Mal-agnini, Franco Sioli and Bonalfo Giaiotti (Sun and Thurs)

Cantu (Como)

Tentro Lux (Como Pestival) First performance of the futurist pantomime written by Luigi Pirandello, La Salamand, with music by Massimo Bontempelli and scenery by Enrico Prampolini (the futurist, dedaist, and later surrealist painter, who died in 1956) (Fri). This production will be at Frankfurt at the opening of the book fair on Oct 4 (70.17.59).

ChicagoTokyo Bolshoi Ballet. Raymonda (Mon. Tues) Tokyo Bunka Kaikan (235

New York

Metropolitan Opera (Opera House, Lincoln Center). The sea-son opens with a repertory including Julius Caesar, Il Trova-tore, Das Rheingold and Lucia di Lammermoor. (362 6000). New York City Opera (State The-ater, Lincoln Center). The week features Jay Reise's Rasputin, which was commissioned by the which was commissioned by the company, and is conducted by Christopher Keene and directed by Frank Corsaro, with John Cheek in the title role. The week also includes the new real-walls and the control of the control also includes the new production of Rigoletto, conducted by Elio

THEATRE

Easy Virtue (Gerrick), Transfer of King's Head revival of early Noel Coward, same period but lesser vintage than Hay Fever, but worth seeing (379 5107). South Pacific (Prince of Wales). Average, traditional revival of the great Rodgers and Hammerstein musical, with Gemma Cra-ven failing to wash the baritonal Emile Belcourt out of her hair (839 5989). The Phantom of the Opera (Her

Majesty's). Spectscular, emotionally nourishing new musical by Andrew Lloyd Webber (839 2244, credit cards 379 6131/240 7200). Follies (Shaftesbury), Eartha Kitt and Millicent Martin now decorate Mike Ockrent's strong revival of Sondheim's 1971 musi-cal, in which poisoned marriages nearly undermine an old burlesque reunion in a doomed thentre (379 5399). Hapgood (Aldwych). New Tom

Hapgood (Aldwych). New Tom Stoppard mixes espionage, romance and higher physics. Felicity Kendal is the eponymous intelligence agent, Roger Rees and Nigel Hawthorne in elegant support (836 6404, credit cards 379 6233). The Admirable Crichton (Hay-market). Rex Harrison and Edward Fox in enloyable revival

Edward Fox in enjoyable revival of Barrie's imperishable comedy of class barriers and reversals on a desert island (930 9832, CC 379 4444). Dry Rot (Lyric). Brian Rix returns to the stage after an absence of 12 years in a 1950s absence of 12 years in a 1950s farce that prefigures the capture of old England by the spivs and

of old England by the spive and opportunists. A genuine classic (437 3636).

The Sneeze (Aldwych). Eight short Chekhov pieces — four vandevilles, four early stories — translated and adapted by Michael Frayn and performed in various styles by Rowan Atkinson Timothy West and

Cheryl Campbell. Slightly rewarding, intermittently funny rewarding, intermitted by thing (836 6404, CC 379 6233). Sogar Bables (Savoy). Mickey Rooney and Ann Miller repeat Broadway roles and exhibit stamina and star quality in a mixed bag of coarse burlasque sketches

New York

Cats (Winter Garden), Still & sell-out, Trevor Nunn's produc-tion of T.S. Eliot's children's poetry set to music is visua startling and choreographically feline (239 6362). A Chorus Line (Shubert). The longest running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its back-stage story in which the songs are used as auditions rather than emotions (239 6200). Les Misérables (Broadway). The magnificant spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama

(239 6300)Starlight Express (Gershwin). Those who saw the original at the Victoria in London will barely recognise its US incarnation: a spruced-up stage with new bridges and American scen-ery distract from the backneyed pop music and pop music and pop music and My Girl (Marquis). Even Me and My Girl (Marquis). Even

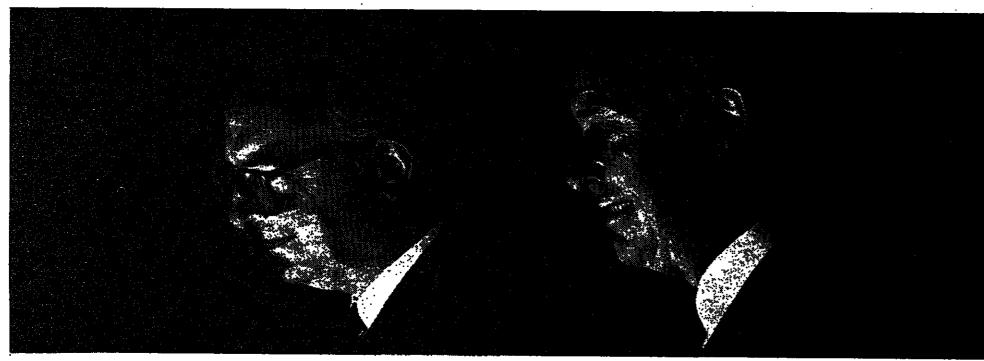
if the plot turns on ironic mim-icry of Pygmalion, this is no clas-sic. (947 0033). M. Butterfly (Eugene O'Neill). The surprise Tony winner for 1988 is a somewhat pretentious and obvious meditation on the true story of the French diploma whose long-time mistress was a male Chinese spy (246 0220). Spead-the-Flow (Royale). David Mamet applies his biting sarcasm and ear for the exaggerations and ear for the exaggerations of American language to Hollywood, in this screamingly funny and well-plotted expose of the film industry (239 5280). Stranger Here Myself (Public). Angelina Roux performs two decades of furt Well's songs in a one-woman show covering the composer's careers in Berlin. Parts and New York (\$58-7100). Phantom of the Opera (Majestic). Phantom rocks with Andrew Lloyd Webber's haunting melodies in this meas transfer from London (239 6200).

Washington

Slauth (Risenhower), Stacy Keach and Maxwell Caulfield star in the mystery nitting a writer against a mild-mannered travel agent who's stolen his wife's affections (254 3679).

Kabuki (Kabuki-za) Performances at 11am and 4.30pm. The morning programme includes
moritsuma Jinya, a play set in
an age of civil strife — a popular
actor's vehicle, since the role
of Moritsuna is considered one
of the finest in Eshuld. In the of the finest in kabuld. In the of the linest in knowle. In the afternoon: Kagamiyama Goul-chino Iwafuji. This play is based on a scandal that occurred in court shortly before it was writ-ten but, in typical kabukt fash-ion, transposes it to a remoter age. It is noted for its spectacle — scattered bones rising up to scattered bones rising up to form a complete skeleton and a beautiful mansion transforms a beguitful mansion transformer into a haunted house. Excellent programme and earphone com-mentary in English. (54, 3131). The Fautasticks. Sunshine Thea-tre, Rebukuro, Whimsteal Off-Broadway production. Although translated and performed in over 50 countries, this is its first overso commerce, this is a list over-seas four with an American com-pany. Ends October 10 (987 5281). Gorley Theatre, Lesingrad, in Chekhov's Uncle Vanya (Tues, Wed), Peter Schaffer's Amadeus (Thurs). Globe Theatre (572 6331).

HAS THE PICTURE LOOKED BRIGHT



IAM BYDIF CHARMAN

"I am pleased to announce a healthy increase in both profit before taxation from £5m to £7.8m, an increase of 56%, and turnover from £24.lm to £28.8m, an increase of 20% for the six months ended 31st July 1988. Dividends per share for this period are 1.5p.

Despite the difficulties that we faced in the period, our weekly audience rose by over I million to 14.8 million. Our investment in new technology was accelerated and we have almost completed the modernisation of each of our regional studios. By next April we will have one of the largest networks of remote controlled studios in the world,

The ACTT dispute delayed the planned improvements in our programming and meant that we have only recently been in a position to introduce the changes that were originally intended to come into effect at the beginning of the year. Certain of these changes were agreed in consultation with the IBA at the Mid-Term Review in July 1987 and have been the subject of more recent discussions.

We continue to recruit quality staff to meet our programme requirements which, with our improving technology, is giving us greater operational flexibility than ever before. We are confident that our output will further improve with planned changes including increased regional news coverage; the introduction of weekend news

bulletins; an expanded Frost programme on Sunday; a 90 minute Saturday sports programme and more educational and regional content in our children's programmes.

The amount of pre-sold advertising air time for the current half year is showing a healthy increase on the same period last year. Your directors are confident that we will continue to develop and be in the forefront of British television in the future"

EXTRACTS FROM THE CHARMAN'S STATEMENT.

The contents of this statement, for which the directors of TV-am pic are solely responsible, have been approved for the purpose of Section 57 of the Financial Services Act 1986 by Arthur Andersen & Co, as an authorised person.



Beethoven Pius is a series of concerts between September 18 and December 10 which seek to set the composer's music in the context of his own time. The work of more than 30 of Beethoven's contemporaries will also be featured. Royal Festival Hall, Queen Elizabeth Hall, Pur-cell Room. (928 3191). London Philharmonic Orchestra conducted by Louis Fremaux, with Lorraine McAslan (violin). Davis, Bizet, Lalo, Debussy, Ravel, Royal Festival Hall (Fri) (928 3191). Loudon Philharmonic Orchestra

conducted by Kurt Masur. Con-cert performance of Beethoven's Fidelio, with Eva-Maria Bundschuh, Klaus König, Donald McIntyre. Royal Festival Hall (Sat. Mon) (928 3191). Royal Philharmonic Orchestra conducted by Erich Leinsdorf, with Emma Johnson (clarinet). Brahms, Mozart, Dvorak, Royal Festival Hall (Sun) (928 3191). Choir of King's College, Cam-

bridge which will be conducted by Stephen Cleobury, Handel, by Stephen Cleobury. Figures, Bach, Fauré. Barbican Hall (Sun) City of London Sinfonia directed by Richard Hickox, with Mon-tserrat Caballé (soprano). Men-delssohn, Berliuz, Beethoven. Barbican Hall (Tue) (688 8881). Royal Philharmonic Orchestra conducted by Erich Leinsdorf, with Barry Tuckwell (horn). Brahms, Mozart, Dvorak, Royal Festival Hall (Tue) (928 3191). Royal Philharmonic Orch conducted by Stuart Bedford, condicted by Striart Bernord,
with James Lisney (piano).
Glinica, Grieg, Sibelius, Tchajkovsky. Barbican Hall (Wed)
(688 8891).BBC Symphony
Orchestra conducted by Sir John
Pritchard. Concert performance
of Schönbarg's Moses and Arm of Schönberg's Moses and Aron.

Royal Festival Hall (Wed) (928 English Chamber Orchestra with Ian Watson (conductor/harpsi-Ian Watson (conductor/harpsi-chord), Jack Brymer (clarinet), José Luis Garcia (violin). Bach, Handel, Mozart, Vivaldi. Barbi-can Hall (Thur) (838 8891). Berlin Philharmonic Orchestra conducted by Herbert von Kara-jan. Schönberg, Brahms. Royal Festival Hall (Thur) (928 3191). Orchestra of the Age of Kniight-enment directed by Gustav Leon-hardt, with Anna Bylsma (cello). Haydn, C.P.E. Bach, Mozart. Queen Elizabeth Hall (Thur) (928 8191).

BRUCE GYNGELL, MANAGING DIRECTOR

Moscow Virtneses with Vladimir Spivakov as conductor and solo-ist, and the Orfeon Donoftiarra choir. Mozart. Salle Pleyel (Mon) (45638873). Ensemble Intercontemporain's soloists: Pierre Laurent Aimard, Irina Kataleva, Alain

Neveux (piano). Zimmermann, Barraque, Radio France (Mon) (42301516). (42301516).
Kariheinz Stockhausen. Chamber music. Opéra Comique (Mon, Tue, Wed) (42361220).
Berlin Philharmonic Orchestra conducted by Herbert von Karajan. Schönberg. Brahms. Théétre des Champs Elysées (Wed) (4720857).

des Champs Elysées (Wed)
(4720837).
Orchestre de Paris conducted
by James Conlon. Mahler (6th
symphony). Salle Pleyel (Wed.
Thur) (4550796).
Marie-Claire Alain (organ),
young soloists conducted by
Bachid Safir. Bach, Buxtehuds,
Grunenwald, Alain, Durufié.
Saint-Germain-des-Pres church
(Thur) (42301516). (Thur) (42301516). Pierre Amoyal (violin), Anne Quaffelec (plano). Schn-mann.Fauré, Brahms. Musée d'Orsay (thur) (40494978).

Vienna

Wiener Mozart Orchester in his-torical costume. Mozart. Sofientorical costume. Mozart. Schen-saele (Fri, Wed). Synthesizer Concert with Romayne Wheeler. Tchalkowsky, Gershwin, Joplin, Wheeler. Votivkirche (Fri). Vlenna Philharmonic Orchestra conducted by Leonard Bernstein, with Thomas Hampson (bariwith Thomas Hampson (barr-tone). Mozart, Mahler, Sibelius. Musikverein (Sat). MUSIKVEREN (SAL).

Wiener Kammerorchester conducted by Herbert Prikopa, with firmst Ottensamer (clarinet). Mozart. Konzerthans (Sat, Sun).

Orchestre Philhamonique

de Strassbourg conducted by Theodor Guschlbauer, with Jean-Louis Gil (organ). Richard Strauss, Roussel, Saint-Saens. Konzerthaus (Sun).

conducted by Herbert von Kara-jan. Schönberg, Brahms. Musik-verein (Mon).
Alban Berg Quartet and players from the Amadeus Quartet.
Brahms, Schubert. Konzerthaus

(Mon. Tues). Vienna Symphony Orchestra conducted by Rafael Frubbeck de Burgos, with Alicia de Larro-cha (piano). Mozart, Tchalicov-sky. Musikverein (Wed, Thur). Kuchi Quartett in Haydn, Beethoven and Mozart. Musikverein

Berlin Philharmonic Orchestra conducted by Herbert von Karajan, with Fiamma d'Amico (soprano), Lucia Valentini-Tertani (contraito), Jose Carreras (tenor) and John Tomlinson (bass) and the Vienna Singver-ein. Verdi's Requiem. Philhar-monie (Fri, Sun).

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Frankfurt Frankfurt Alte Oper, Orpheus Chamber Orchestra and Heinz Holliger (obce) and conducting Mozart, Strauss, Ives and Tchal-

kovsky. Dietrich Fischer-Dieskau lieder recital with pignist Hartmut Holl. Schumann. Alte Oper (Sun). Munich Philharmonic Orchestra conducted by Sergiu Celebidache. Berlioz, Schubert and Tchaikov sky. (Tues)

Cremona Festival, Teatro Pon-chielli. Warsaw Symphony Orchestra will be playing Ravel, Saint-Saens and Besthoven. Vio-lingst Salvatora. Accorded both conducts and plays in the con-cert (Frl) (203070).

Villa Medici, Eco e Narciso. A series of concerts which is spon-sored jointly by Rai's third pro-gramme and the Rome daily newspaper, La Republica. Bar-tok's Bagatelle with the planist Carlo Bruno, and Kurtig's Kaf-ka-Framente for Soprano (Adrienna Csengry) and violin (Andres Keller) (Sat, Sun); Cham-ber Choir of Milan in A. Gentilucci's Two Airs from Moby Dick for soprano, choir and six instru-ments (1988), Petrassi's Mottetti pel la Passione, and Monteverdi's Missa in Illo Tempore, with soprano Victoria Schneider and (Mon) pianist Herbert Henck playing Zimmermann's Abges-chiedenheit (first performance) and Cage's Music of Change and (Tues) soprano Luisa Castel-lani with the Roman Guitar Quartet playing Purcell, Pennisi Gabrielli and Clementi (6544601).

New York

Cincinnati Symphony conducted by Jesus Lopez-Cobos, with Bella Davidovich (piano). Reger, Cho-pin, Schumann. Carnegie Hall. (Tue) (247 7800). New York Philharmonic to be New York Philharmenic to be conducted by Zubin Mehta, with Yo-You Ma on the cello. Programme includes Dvorak, Bruckner. Avery Fisher Hall, Lincoln Center (Wed) (799 9595).

Dallas Symphony Orchestra conducted by Eduardo Mata conducted by Eduardo Mata conducting, with Vladimir Viardo (piano). Rachmaninov, Stravirsky. Carnegle Hall. (Wed) (247 7800).

itzhak Perlman, violin recital. Mixed programme. Carnegie Hall. (Thur) (247 7800). Washington

National Symphony Orchstra conducted by Metislav Rostro-povich, with Frederica von Stade (mezzo-soprano). Beethoven, Mozart, Ravel, Franck. Kennedy Center Concert Hall (Thur) (254

Chicago

chicago Symphony Orchestra conducted by Sir Georg Solti, with Susan Dunn (soprano), Simon Estes (bass). Verdi. Orchestra Hall (Thur) (435 8123).

Alfred Brendel (piano). Schubert. Hitomi Memorial Hall (Mon) (353 Theo Adam with Rudolf Dunckel (piano). Schubert's Die Winterreise. Suntory Hall (Mon) (235

1661). Sviatoslav Richter (plano). Hitomi Memorial Hall (Thurs) (285 1616). Josef Suk Chamber Ensemble Vivaldi, Telemann, Handel, Dvo-rak, Casals Hall (Thurs) (291

2525). Arts Guide continued on Page 17

مِلَدًا مِنْ الأصِلَ

CINEMA

Rose-tinted view of Vietnam

he Vietnam war is now open for big movie business. After long silence during the war itself and its immediate aftermath, the door to big-screen treatment of America's greatest military trauma was first inched open ten years ago with The Deer Hunter and Apocalypse Now.
Last year business got into full swing with Full Metal Jacket, Homburger Hill and the money-spinning, Oscar-winning Platoon, And now we have Good Morning, Vietnam, already gobbling up box-office records in America and showing that the control of the co that we can now laugh as well as

And do so in the same film, to boot. Or so hope writer Mitch Markowitz and director Barry Levinson (of Diner and Tin Men). They have hi-jacked and Hollywoodised a true story: that of American disc jockey Adrian Cronauer, who sent blasts of anarchy and hillaria (et loss). anarchy and hilarity (at least according to the film) over Forces Radio airwaves in Vietnam in the mid-1960s. Yes, even in the midst of a war whose manpower commitment was soaring horrifically under President Johnson - from 75,000 to 125,000 to 350,000 (the movie ham-mers out the statistics) – America, we're told, could still boast a sense of humour. Whether such a thing was worth boasting about in the circumstances is another question, but not one the film asks.

As played by American super-comic Robin Williams, Cronauer is a one-man Tet offensive. He is deeply offensive to his military superiors, with his delirious anti-authoritarianism: he jokes on air about everything from to the Vati-can (latest line in in-house toiletries, "Pope on a rope") to Gay Lib to the US military and their encourVietnamese. But though not to the taste of the officer class, Williams-Cronauer goes straight to the title of the troops, who are seen gathered round their radio sets, laughing their heads off between military

ngagements. As for us, we laugh our heads off between the movie's own campaign-ing traumas, which consist of trying to fit Robin Williams's blue streaks: of brilliance into a convincing story.

> GOOD MORNING, VIETNAM (15) Barry Levinson

FAMILY VIEWING (18) Atom Egoyan

MASOUERADE (18) **Bob Swaim**

Once away from the radio mike, where Williams's vocal and verbal prestidigitations are astounding (he makes Kenny Everett seem like a coma victim), the movie and its hero become an embarrassment.
Out in the streets, Mr Radio BadMouth suddenly becomes Mr RealLife Nice Guy. He consorts with the
locals, he falls in love with a Vietnamese girl, he has Serious Debates with her Vietcong terrorist brother, and he even - aw shucks teaches a bunch of Saigon street kids haseball.

So rose-tinted are the movie's glasses by the end that you are begging it to take them off. You cannot see any emotional colours other than sentimentality. It is even hard to distinguish the film's clumsy attempts at irony – "What a won-derful world" song over a montage of battle footage – from its mawk-ish glow of sympathy for a perse-cuted people.

cuted people.

Hollywood has a prodigious record of re-writing history to suit changing market tastes. But does the modern world really want to believe in a babe's eye view of the Vietnam war which blurs all dis-tinction between the South and North – they're all just persecuted peasants and nice people – and casts America itself as the villain and aggressor? With \$130m dollars earned by the film so far, sadly and apparently it does. Good Morning, Vietnam comes in like an iconoclastic lion but goes out, wet, winsome and awash with hindsight liberal-ism, like a defeated nation's sacrifi-

Atom Egoyan's Family Viewing is an animal of no recognisable colour. But this astonishing Canadian movie has been going about the 1988 film-festival circuit mauling happy audiences and coaxing yelps of enthusiasm from critics.

Shot on video, it tells a queasy, funny tale in a queasy, funny style. Funny peculiar rather than funny ha-ha: though there are grim gig-gles too in the story of a teenage boy, Van, who finds life with Dad and Stepmum unbearable - what with their telly-addiction, their monosyllabic conversation and their kinky sex-games in a video-equipped bedroom – and decides to kidnap his Gran from an old people's home. Despite her vegetable state - she cannot talk and stares blankly at the TV all day - she is the only family member he warms

to and he wants to make a real home for her. Also floating through the tale is versatile young call-girl Monica, who aids the kidnapping and abets the boy's attempts to leave home.

This dotty family saga is played out like a soap opera scripted by Pirandello. Everyone lives in Illusion-land, feeding on dreams and fictions, and video and TV are no longer take-them-or-leave-them leisure facilities but essential life-support systems. It is not enough to have the world, you must have non-stop images of the world: have non-stop images of the world: it is not enough to have sex, you must see yourself having sex.

Result (suggests Egoyan): people no longer see real life as real life, they recognise to only if processed for them by the image culture. They

for them by the image culture. They cannot even recognise their own kin. When Dad visits the old people's home, at the boy's insistence, with a bunch of flowers for Gran, he goes to the wrong bed and gives the flowers to wrong old lady. "Dad," the boy tactfully reminds him, "she was moved out of this room last

The movie creates layers of reality and representation, and makes them a rich soil for metaphor. In making his sex-play recordings, Dad is taping over home-video footage of the boy's childhood, carelessly erasing a (to him) unregarded past. And in one scene the burble of an authors locally programme on the anthropological programme on the TV - "Man alone can contemplate his past and plan his future" mischievously comments on the characters' compulsion not just to live their lives but to enact and shape and admire them as if creating some cosmic soap opera.

The film is directed by Egoyan with a wonderful deadpan éclat.



Robin Williams (centre) in 'Good Morning, Vietnam:' blasts of hilarity over the airwaves

Camerawork is sleek and gnomic, lines of dialogue are exchanged with the mistrustful caution of a prisoner-swap. But the chief miracle of Family Viewing is its involving of modern audio-visual techniques not just in the form of the movie but its very theme and content.

Nothing remotely so original troubles Masquerade. Time: now. Place: Hokum-land. Here we are with the rich set on Long Island, begirt with murders and wills and blackmail and heaven knows what else. When handsome yachting ace Rob Lowe starts courting pretty heiress Meg Tilly ("the richest girl on the East Coast"), we suspect there is more than meets the eye. There might even be more than meets the ear, though the amatory dialogue sets a snappy pace. "You want me to put these on?" asks Tilly of a new pair of black-lace panties on the couple's first bedroom date. "I can't bite them off if you don't," replies Lowe

And there is more like this. Director Bob Swaim (of *La Balance*) gives a creepy lustre to the early scenes, helped by Dick Wolf's switchbacking script and David Watkin's high-noon-in-the-Hamptons photography. But soon the movie is having a tough time keeping pace with its own ingenuity. Is Miss Tilly's nasty, Lowe-detesting stepfather all he seems? Is Miss T's pining policeman

ex-boyfriend planning revenge? Did Lowe himself "plant" a vital piece of evidence at a murder scene? And what about the rat, the propane gas and the exploding yacht? It is hard stuff to follow. You leave this film with your brain in several pieces, and have to spend five minutes in the lobby putting it back together again. The plot twists follow each other with reckless speed, and sometimes reckless disregard for probability. Best to sit back and let the scenery and social shine wash over you, which resemble The Great Gatsby stylishly re-pulped for the thriller market.

Nigel Andrews

LYRIC THEATRE

Brian Rix returned to the London stage on Wednesday after an absence of 12 years during which time he has done such dignified things as run-ning MENCAP and chairing the Arts Council's Draws the Arts Council's Drama

I am relieved to be able to report that he drops his trou-sers and makes a right idiot of sers and makes a right mice of himself. He plays Alf Tubbe, a crooked bookie in a toupée of which Charlton Heston, king of toupées, would be proud. Sung and orange on Sir, Brian's snowy thatch, it sits like a squirrel in a snowdrift that our collective memory while its master pretends to be posh. "Where was you at Bessle Braddock's bloomers, school?" he quizzes the smooth young secretary Danby (Rob-ert Bathurst). "Harrow" would appear to be a final sort of reply. Rix undaunted, squirrel hopping, counter-punches. "Same 'ere. Whereabahts in

Dry Rot was John Chap-man's first play and Rix's sec-ond hig hit, in 1954, at the Whitehall. It is set in a country hotel near a racecourse in the early 1950s. Alf and two sidekicks have descended on a scene of post-War tranquillity to fiddle a race by switching the horses. They plan to nob-ble the favourite and collect ien grand by backing him to

As a period piece it has boundless fascination. In terms of farce genre, it is a palpable and rather ingenious mix of Pinero's Dandy Dick, Ben Travers' Thurk, and the



an actor well versed in the arts of plastic mime and cli-mactic lunacy. Christopher Renshaw's production trusts compons. These old Whitehall farces dig deep in the atavistic urges of a theatre-going public

They touch on a national zenophobia re-charged by the War-time fear of invasion. And they employ the theatrical metaphor of a madeouse to carlesis away simple expentition. explain away simple eccentricity. The language is puerile and pun-based, with scatty derivations, but the effects are primarily visual.

Renshaw's production captures this superbly, achieving a liquid ensemble perfection in such sequences as the tappin of the wood-panelled set Other mime set pieces are a riding lesson on the sofa for Nick Wilton as Fred Phipps (Rix played this part in 1954), a typical Derek Royle somer-sault with unspilt drink as the bemused kidnapped French Three Stooges. jockey and, finally, the famous Chapman's writing is that of tea sequence in which Derek

Griffiths as the spindly, Teddy Boy-ish Flash Harry juggles tea-cup, sugar lumps, napkin and cream cornet while trying to maintain a carapace of social pretence as a guest way out of his social depth.

now assumes a comic resonance in the assault on old values by the new spivs of opportunism. Richard Ver-non's snootily unruffled Colonel, whose castle has been reluctantly let out to rent, is England under fire. The new age, embodied by Rix, Wilton and Griffiths, is one of feigned accents, fiddles and conspir-

acy.

Nick Wilton's pretend jockey is passed off, under pressure, as a dwarfish piano more tender, scene on the London stage than the Colonel's wife (Rispet Gray) attempting to explain that dwarfish retreat with a tale of an non-existent piano that has gone missing. Mr Vernon heaves a demondant sigh and accept despondent sigh and accepts his wife's incipient madness as yet one more sign of the times.

Michael Coveney

Performance art on tour

Edge 88. Britain's "First International Biennial of Experimental Art" which is now touring the country, was running at various venues in Clerkenwell last week and the performances have been attracting rapt audiences.

Wandering around Clerken-well, the inner city village with its secret squares, unexpected alleys, bosky churchyards and good pubs is pleasurable enough on a mild autumn evening. To also discover curious installations and obsessive activities along the way makes for a rich and very metropoli-

As well as gallery venues such as Air and the Flaxman Gallery, artists have chosen swimming pools, churches, and diffused offices for their "laboratory" pieces. The installa-tions, using videos, laser, live performance, props and writedges of fine-art practice: on the edges, too, of politics and emotions. Sometimes a cutting edge . . . sometimes a blunt instrument.

Over the years performance art has tended to gravitate towards a restricted spectrum of issues and practice. The subject matter (if that is not too defined a term) when it is not introverted and autobiographical is often political, question-ing notions of power, ideology and restrictive practices which cannot be satisfactorily explored in object-based art. The means, although claiming to be unfettered and intuitive, can be boringly standardised,

or agonisingly self-abusive.

Told by an Idiot, by a Sydney-based performance group at the Flaxman Gallery, explored sexual politics, nationalism and voyeurism with two circles and the intention. with two girls, and the inevita-ble slide projections, in front of

a row of empty chairs. The chairs were filled with water, so the real audience got cold bums - rather than wet pants - while sitting on the concrete perimeter. The performance, if a little glib, was at least snappy and leavened with humour. "Performance can be a deadly serious matter, and the audiences are usually reverential to the point of catato-

The subject matter is often political, questioning notions of power, ideology and restrictive practices. The means can be boringly

standardised or agonisingly selfabusive

People watching people watching is a constant theme of "experimental art," but the really dubious nature of voyeurism came across very strongly in Zbigneiw Warpe-chowski's performance, appro-priately at the Slaughterhouse. After drawing a line on the spot-lit back wall, Warpe-

chowski, a Polish poet, painter and performance artist, bal-anced a metal rod between two fingertips and raised his arms, bedecked with leaves, above his head. The horizontal rod and figure shadowed against the vertical line became a cru-cifixion, and we watched the sweating, moaning Warpe-

chowski suffering on the Tree of life for about 20 agonising minutes. Spectators, (and the basement was packed to over-flowing), masked their response under blank faces,

The implications of this (not novel) act of gratuitous suffer-ing in a world of real pain were very distasteful, especially as an earlier visit to Alister MacLennan's continuous performance at the Kingsway Princeton College had been a thought-provoking experience. MacLennan, who lives and teaches in Belfast, had appro-priately selected to work in the evening in the disused cells beneath the college, which had once been a prison and the site of an explosion in 1967 in an attempt to free Irish prisoners. The entrance is screened by sacking curtain, and until one's eyes have adjusted to the deep gloom, there is a sensa-tion of real fear and panic.

Within a barbed-wire enclosure, hung at both ends with what appear to be torn flags, MacLennan moves relentlessly up and down, wrapped in deep alienation. The flags are slings for carrying some object - a stone, a piece of wood, a dead baby - which he moves from one end of the cage to the other, crushing charred wood and debris underfoot during his inexorable progress.

Most gallery performances depend on an act of complicity which one is not always willing to make. In this piece, one is unquestionably both participant and spectator: it is art on the cutting edge of reality. Edge 88 is on tour in venues in the North - Manchester,

Newcastle, Hull and Sheffield until end October. Details from AIR 6 and 8 Rosebery Avenue EC1, (Tel: 01-837-5294)

Deanna Petherbridge

Dukas & Messiaen

FESTIVAL HALL

The City of Birmingham Symphony set off the South Bank programme of festivities for the 80th birthday of Olivier Messiaen with the Turangalila Symphony on Wednesday. It was a tribute made fittingly handsome by the excitement of the performance, and also by the excellent choice of work to precede it: a rare presentation of the "danced poem" La Peri (given here with its opening brass fanfare) by Paul Dukas, one of Messiaen's teachers at the Paris Conservatoire.

Dukas was both a strong

influence on his pupil and a composer of special distinction, whose tiny corpus of works (he was a morbid perfectionist) excites extreme partisanship. La Péri is perhaps his outstanding achievement, one of the most exotic and highly perticism. The scoring is of extreme sumptuousness, with lines flowing around each other in exquisite Art Nouveau curves and tendrils. Yet beneath the richly lacquered surface is a finely wrought musical structure of the perfect shape and length, holding the ripe harmonic language in a subtle balance. It is a Frenchman's response to the Wagner man's response to the Wagner of Tristan and the Tannhauser Venusberg revelries (Paris version): fastidious and ecstatic at the same time.

The guest conductor of the CBSO, Mark Elder, is always at his best tackling a complicated late-Romantic work for large orchestra. The playing lacked, perhaps, the final degree of tonal "saturation," but the clarity with which both outer and inner parts were defined and the expert control of momentum made this, all the

same, a wonderfully valuable revival. (Dear Mr Elder, isn't now time to mount Dukas's Ariane et Barbe-Bleue at the Coliseum?)
The Messiaen work is in the

orchestra's bones - they have performed it with their chief, Simon Rattle, and with the same superb pianist (Peter Donohoe) and ondiste (Cynthia Millar) often enough, and have recently recorded it. The Elder account goes for extremes - of volume, pace (the fifth movement too fast for tidy ensemble), colour contrasts (a more incisive differentiation of percussion strands in the seventh than I've ever before heard), and atmosphere. All that it lacks is a sense of sensual repose in the "Garden of the Sleep of Love," which seemed to go too fast and insufficiently softly. Lots of young people in now à la mode?

Max Loppert

'Roots' goes on tour The National Theatre is to take Arnold Wesker's Roots on an eight week regional tour of England and Wales, sponsored by BP. Presented by NT Educa-tion and directed by Simon Curtis, it will open at the Alhambra Theatre Studio Bradford on October 25, after five performances in the Cot-

tesloe.

Roots, the second in a trilogy which includes Chicken Soup With Barley and I'm Talking About Jerusalem, is the twelfth NT Education touring production; others have included The Caucasian Chalk Circle, Macbeth. Hamlet, The Mother, Apart from George, and Fan-shen.

EXHIBITIONS

Carte Musées et Monuments, sold in museums and Metro sta-tions, enables visitors to avoid queues at 60 museums and mor uments, including the Louvre, Musée d'Orsay and Versailles

Muses d'Orsay and Versailles
Palace.
Centre Georges Pompidou. The
Fifties, taking over Beaubourg'
for three months from the
ground floor upwards. The postwar creative dynamism of the
Fifties is represented by cars,
comics, music, cinema, literature, industrial creation and
on the fifth floor — by visual
arts. The great figures of Matisse
and Picasso open the exhibition
with works in black and white;
monochromes by Yves Klein and
Montana close it. Closed Tue.
Ends Oct 17. Ends Oct 17.

Ends Oct 17.
Musée d'Orsay. Cézanne, The
Early Years (1859-1872). The 63
paintings and 20 drawings and
watercolours, already seen in
London and on their way to
Washington, reveal a hitherto
period period of the artist's neglected period of the artist's life. Closed Mondays, Ends Janu-

Artcurial. Zao Wou-Ki's retro-Artenrial. Zao Wou-Ri's retrospective traces the development
of an artist formed both by the
ancient traditions of Chinese
art and by the works of the
impressionists and of Cézanne,
Matisse and Picasso. From paintings inspired by landscapes, he
moves on to poetical abstracts
which, from 1959 onwards, do
not have titles, only dates. 9 Ave
Matignon, Ends Nov 10.
Picasso Museum, The 17th Cen-Picasso Muscum. The 17th century Hotel Sale, sumptiously restored, provides a fitting home for the work!'s largest collection of Picasso's work. 5 Rue
Thorpny, Closed Tuesdays.
Musée de Chiny, Medieval art in Paris. The abbots of Cluny built their magnificent late
Cothic town burse in the heart.

granis e grafic de Alpe Granifect de Colo

of the Latin Quarter on the blackened ruins of Roman baths. Now a museum, it houses medi-eval works of art. In a rotunda of its own is a set of the Lady and the Unicorn mille fleurs tap-teries one of the westerniers. and the Unitary mile bears tay-estries, one of the masterpieces of medieval art. Place Paul-Pain-lève, Métro Odéon. Closed Tues-days and lunchtimes. Grand Palais, Vieira da Silva. After Lisbon, Paris celebrates the 30th birthday of the artist who, while born in Portugal.

with, white both in Fortugal, decided to live and work in France. Some 90 paintings are divided into four groups according to themes: acenographies, memory of azulejos, forms and colours as musical partitions, deciding and transparents of colours. nsity and transparency of col-Galerie d'Art Saint-Honore. Still

lives in Dutch and Flemish art in the 17th century. Only the ingrained tradition of painstak-ing craftsmanship of the time can explain the perfection and the shining mint condition of the paintings assembled by Mon-ica Kruch. 267, Rue Saint-Honore.

Time Comparison 1988, Thirteen painters, spanning three generations, present the East German art scene in the 1997s. This exhibition concentrates on figurative painting and portraits. Among the artists are Hampel, Heisig. Eberabach, Tubks and Libuda. Neues Kunstquartier, Gustav-Meyer-Allee 25, Ends Nov 20.

Bromen Georg Baselitz, The Motif. Forty prictures by the German expres-sionist, born in 1939, from his most recent period. Kunsthalle Am Wall 207. Ends Oct 30.

Stuttgart To celebrate the 85th anniversary of the German Art Association, around 950 works by 280 artists are being displayed in four different museums. There are also works by German and French artists from 1903-1906. The Association is the better transposition artists. artists from 1918-1906. The Asso-ciation is helping young artists by donating DM40,000 (over \$20,000) in prize money. Würt-tembergischer Kunsstverein; Kunstgebaude am Schlobplatz; Staatsgalerie, Konrad-Adenauer-Str 30-32. Ends Oct 12.

Schleswig Holstein Landsmu-seum. 1,000 years of Russian Art. This exhibition celebrates the 1,000th auniversary of the Rus-sian Orthodox Church, taking 1,00th anniversary of the Rnssian Orthodox Church, taking as its theme the new alliance between church and state. Following its Moscow première in June, opened by Raisa Gorbachev, it has now moved to Schleswig, celebrating the special relations between the German state and Russia. The 453 selected pieces are on loan from 14 different Soviet museums, with the highlight provided by 180 from from the 13th to the 20th century. Modern painters include Kadinsky, Natalia Gontscharows and Kasimir Malewitsch. The other major part of the exhibition consists of 170 pieces of gold jewellery. The simple art of 18th century wood reliefs provides an interesting contrast as do the illuminated 18th century books with religious legends, musical notation and illustrations of the Apocalypse. Ends Oct 24.

Museum of Modern Art/Museum of the 20th century. Works by Oswald Oberhuber, one of Aus-tria's finest artists. Ends October

The Arab world in Europe. A marvellous collection of letters and other literary items. Ends October 16.

Hermes Villa, Portraits by the fin-de-siècle artists, Gustav Klimt and Emilie Floege, Ends Feb 19. Secssion, Klimt's "Beethoven Frieze" is now back in its rightful and original home in the beautifully restored Secession. Also on exhibition are works by two young Austrian artists, Gustav Damisch, the painter and Willi Koof, the sculptor. Ends November 9.

Albertina. Exhibition of draw-ings by Alfred Hydlicka, consid ings by Alfred Hrdlicka, considered to be one of Austria's most controversial artists who managed to divide public opinion on plans by the City of Vienna to (finally) build a memorial to those who fought in the resistance during the Second World War. Hrdlicka is best appreciated for his sculpture. He is at present finishing his work on the memorial, which will be sited just across from the Albertina. Ends November 30.

Palazzo Grassi. The Phoenicians. The fourth major exhibition at Fiat's imposing art centre on the Grand Canal attemps to give the Grand Canal attemps to give a complete picture of this extraordinary people. The exhibition has been given a highly theatrical presentation by the architect Gae Aulenti. In an upstairs room, model ships stand immobile in a ripping artificial lake, and a huge polystyzene wave engulfs a Phoenician wreck. Many of the 1,200 objects displayed are extraordinarily beauenguis a racenician wreck.
Many of the 1,200 objects displayed are extraordinarily beautiful and the 750 page catalogue,
published by Bompiani, is excelient. Until Nov 6.

Palazzo Venezia. Imago Mariae. Over 100 works, including mas-terpieces by Gentile da Fabriano, Pinturicchio, Correggio, Gia-quinto and Tiepolo, showing the progressive humanisation of the

Virgin Mary from the austere figure of the Middle Ages to the gentle and accessible charm of the Renaissance and Baroque portrayals. Ends Oct 4.

Bologna

Pinacoteca Nazionale and Museo Archeologico. Guido Reni (1575-1642). A splendid collection of paintings by the Bolognese mannerist painter, the first to bring the concept of physical beauty into sacred art. His depictions of the Virgin Mary have looks and temperament which looks and temperament which recall Thomas Hardy's tragic heroines. The paintings come from major Italian and foreign museums. Until Dec 8.

Martigny The Gianadda Foundation is

New York

The Gianadda Foundation is showing the second part of treasures on loan from the Sao Paulo Museum. Entitled From Manet to Picasso, it is especially rich in Rennirs, from society portaits and little girls in frothy lace and pink and blue satin, to a fleshy nude. Van Gogh, too, is well represented with his famous Arlesienne and landscapes with tormented trees. There is Cézanne's portrait of his wife, a Tabiti scene by Gauguin, early Picassos and Manet's Marie Lefebvre, riding side saddle all clad in black and looking as seductive as Bonand looking as seductive as Bon-nard's appealing nude or Degas' ballet dancers. Ends Nov 6.

Metropolitan Maseum of Art. An exhibition of architecture An exhibition of architecture on paper covers four centuries of drawings including works by Frank Lloyd Wright, Louis Comfort Tiffany and Arata Isozaki, as well as the west facade of the Albambra that dates back to 1580. Ends Jan 8.

Museum of Modern Art. Almost 100 black-and-white prints illustrate Matisse's influence during a 50-year printmaking career that included lithography, dry-point, etching and linoleum cut. Rnds Nov 6.

Chicago

Art Institute. The first major retrospective in 30 years of Paul Gauguin includes more than 230 objects and major paintings from all the periods of his exotic and far-flung life. Ends Dec 11.

Tokyo National Museum. Japa-nese Archaeology: History and Achievements. Over 300 exhibits tracing the history of archaeol-ogy in Japan. Begins October 4. Closed Mondays.

Hara Museum of Contemporary Art. Shinagawa. Oil paintings by Tomie Ohtake, who emigrated to Brazil in 1936 and is now regarded as one of Latin America's liveliest abstract artists. This is her first solo exhibi-

ists. This is her first solo exhibition in her native country and has been organised to commemorate the 80th anmiversary of the arrival of the first Japanese immigrants in Brazil. Closed Mondays.

National Museum of Western Art. Japonisme. A major exhibition, seen earlier this year at the Grand Palais in Paris, which explores the influence of Japan on the art of the West in the late 18th century. The exhibits range from the straight-forward representation of Japanese objects, or an added exotic touch in a conventional portrait – such as Monet's depiction of his wife in a red kimono – to copies of Japanese pictures and scenes from Japanese life. Closed Mondays.

days. Ueda Gallery, Ginza. New works by Shoichi ida, regarded as one of Japan's leading contemporary artists. He is best known for his work in paper. Closed Sundays. Ends October 15.

SALEROOM

Record price for coin

yesterday when a gold dinar, dated 77 A.H. (696 AD) sold for £165,000 (near the bottom of its estimate) to a collector in the

The coin was minted less than 70 years after the death of the prophet Mohammad and was part of the first truly Islamic coinage created by the Caliph Abd al-Malik. Until then the Arab world had used Byzantine coins with an added Islamic inscription, There had been Islamic coins for four years previously, but this design established a tradition which lasted for 1,200 years.

It carries a strong theologi-cal message - "God is One, God is Eternal, He does not beget nor is he begotten" was the main inscription. It thus marked an important challenge to Christian doctrine.

A pair of 19th century French bronze parcel gilt and enamelled busts, 86 cm high, with onyx drapery, one of a Jewish girl, the other of an Arab sheik, sold for £187,000 at Arab sheis, sold for 1187,000 at Christie's yesterday, comfortably above the high estimate. They were made by Charles-Henri Cordier, around 1870, and were sold by an aristocratic Spanish family.

Cordier caused a sensation in 1848 when, as a young sculptor, he produced a portrait bust

The highest price ever paid at of a negro. It marked the start an auction in the UK for a coin was established at Sotheby's peoples from distant lands, and peoples from distant lands, and among purchasers of a pair of busts on the same subject was Queen Victoria In 1987 Chris-tie's sold a pair for £101,200, establishing a modern interest

in Cordier's work. Other exotic models fol-lowed, including Chinese fig-ures, and then this pair. Two on the same theme, with metal rather than onyx, made £96,800 last year, and this high price brought out yesterday's couple, which suggests there is still an unsatisfied demand for these examples of Victorian realism touched with sensitivity.

The Duke of Northumberland was disposing of some spare busts from Alnwick. One, of a boy and a dog by Joseph Gott, was bought in at £16,000. but a marble statue of a shep-herd boy sleeping, modelled in 1818 by John Gibson, was at the bottom of its estimate, sell-

ing for £52,800. The second day of the Christie's sale of books owned by the dealers Sotheran of architectural drawings realised £235,147. Lardanchet, a Parisian dealer, paid £14,300, three times the estimate for the first treatise on the design of stage machinery and scenery, by Nicola Sabbattini, printed in

Ravenna in 1638. **Antony Thorncroft**

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Africa's debt burden

THE FINANCE ministers from the Group of Seven countries deserve one muted cheer for finally endorsing the plan, outlined at the Toronto summit last June, to ease Africa's burden of external debt. But when the modest relief provided is set against the scale of the continent's economic crisis, it is evident that the measures fall far short of what is needed.

The beneficiaries of the plan are 34 low-income countries with \$62bn of foreign debt, \$43bn of which is owed to official creditors. Lenders will allow their creditors to choose one of three options: a partial write-off of one-third of their debts: lower interest rates; or lengthening of repayment periods. Only those countries whose economic policies are endorsed by the International Monetary Fund will be eligible, and the potential assistance is said to be worth \$500m a year. Excluded by virtue of its medium income status is Nigeria, black Africa's largest debtor (\$26bn), which is in severe financial difficulties.

That this modest package took so long to put together is a symptom of the reluctance of leading Western governments to grasp the nettle of African debt. Because the bulk of Africa's external obligations is owed to official creditors (unlike Latin America, where the commercial banks have the largest exposure), it is governments and multilateral lending institutions which must play the leading role in resolving

Painful reforms

The G7 plan, however, is not radical enough. The extent of the continent's difficulties was made plain at a special session of the United Nations in 1986, and followed up earlier this month. In a report on develop-ments since 1986 Mr Javier Perez de Cuellar, the Secretary General, said that the situation was getting worse despite the adoption by most governments of painful policy reforms backed by the International Monetary Fund and the World Bank. He made clear that unless debt service obligations - estimated at \$27bn last year, projected to reach \$45bn a year by 1995 - were substantially reduced, and new resources provided, a recovery programme urged on Africa by the West would fail.

The Secretary General points out that per capita income, already at its lowest for nearly two decades, has fallen a further 4.2 per cent in the last two years. The most striking yard-stick of decline is the increase in infant and child mortality, likely to total 50m between 1985 and 2000, according to a

Purchasing power

Africa's capacity to service its external debt is declining, while the debt itself is increasing, and new resource flows in real terms have been stagnant. Exports are down from a peak of \$57bn in 1980 to \$32bn in 1986: imports - essential to economic recovery - have fallen from \$62bn in 1981 to \$32bn in 1986. The World Bank calculates that a typical basket of African exports now buys a third fewer imports than 10 years ago; if oil exports are excluded, the loss in purchas-ing power climbs to 50 per

Earlier this year the North-South Institute in Ottawa concluded that "most commodity prices," the lowest in real terms for decades, "are unlikely to recover over the short or medium term." This assessment alone underlines the unreality of any creditor strategy - such as that of the G7 - which is based on the assumption that Africa can repay its debt.

No doubt Africa must do more to help itself. Aid could in many cases be more effi-ciently utilised. Economic reforms under way need to be accompanied by an overhaul of ossified ruling parties. But domestic change, however nec-essary, is insufficient on its own. The success of those who are willing to move to new pol-icies is fatally compromised by the need to support the Sisy-phean burden of debt. What is needed are far stronger measures than now proposed, ranging from debt write-offs to the refinancing on soft terms of debts owed to multilateral banks and agencies. It is not good enough for the G7 countries to propose sticking plas-ter in a vain attempt to hide the wound; what is needed is decisive action to heal it.

Testing the ozone

MRS THATCHER is not, at first sight, a very plausible convert to the Green tendency. But nor is she one to underesti-mate the susceptibility of the British public to the sight of dead seals in a polluted North Sea or of toxic waste looking for a British dumping ground. The question, then, is whether the new interest shown by the British Prime Minister in environmental issues represents a durable change of heart or simply a well-timed theft of Mr Paddy Ashdown's clothes before his first speech as leader of the Democrats in Blackpool

yesterday.

There is a respectable economic case for spending money on environmental protection. It rests on the need to counteract what economists call external diseconomies, or the additional costs borne by society that are not paid for by individuals or firms as they legitimately pur-sue their private interests. But here is the rub: the discrepancy between private and social costs that gives rise to pollution and other forms of disamenity has been used to justify the enhanced role accorded to the state in the 20th century – that same state whose regulations Mrs Thatcher has been so anxious to roll back.

Threatened balance

That is not to say that the Prime Minister's speech to the Royal Society this week is wholly at odds with the gen-eral thrust of Thatcherism. Even to a neo-conservative the social costs of trade unionism are very modest compared with the threats to the ecological balance that the world now faces; and while a return to the values of 19th century liberalism may erode the power of the labour movement, it clearly has less to offer when it comes to patching up the hole in the ozone layer.

With hindsight the Club of Rome did a great disservice to the environmentalist cause with its doom laden utterances in the mid-1970s. By failing to grasp the way market forces worked in commodities such as oil, it detracted from its call for co-operative action to cope with other problems that were

not amenable to pure market solutions – notably the global heat trap now being created by the use of so-called greenhouse

A climate of opinion was created in which politicians could all too easily adopt a macho approach towards environmental issues, while claiming that the link between sulphurous emissions and stagnant lakes had not been established with sufficient scientific rigour. The conflict between the short term requirement for economic growth and the longer term need for environmental protection was exacerbated by the way national boundaries separated cause and effect.

To her credit Mrs Thatcher has now committed herself to the view that the health of the economy and the health of the environment are dependent on each other. But she laid emphasis this week on the need to ensure that policy "is founded on good science to establish cause and effect."

Note, too, that the three issues she mentioned - the "greenhouse effect," the hole in the ozone layer and acid rain are all ones in which policy is hammered out largely in multi-lateral gatherings, which sug-gests constraints on rapid change. The enthusiasm of Britain's recent contributions in such gatherings has sometimes reflected a short term view of national interest, not least in the case of the European Community agreement to cut sulphur dioxide emissions.

These issues are fraught with complexity and not a little irony. The key, for example, to tackling global atmospheric pollution lies in a reduction in the amount of fossil fuel that is burned. Mrs Thatcher's credentials as a pro-nuclear campaigner, never in doubt, are are thus new-tinged with green. But her powers of persuasion with Third World leaders, who hold the key to the future of the rain forests that mop up carbon dioxide from chemicals such as chlorofluorocarbons, is another matter. An open verdict, as yet, on this new commitment.

rade politicians have always been notorious for hypocrisy and doublespeak, but rarely has their propaganda machinery been working at such fever pitch as in the current war of words over whether Europe after 1992 will fall prey to protectionism or become a haven of free trade in an otherwise naughty world. On one side are countries like the US and Japan which fear the European Community will erect new trade barriers to the outside world as its internal frontiers are dismantled in 1992. On the other are top Commission officials who wince at the mere suggestion.

It is the US with its new trade bill which is the main culprit in pushing the world towards protectionism, they say. The internal market is actually intended to promote liberalisation of world trade, and if the US chooses to sug-gest otherwise, they add, it is part of a devious attempt to distract attention from the evils inherent in its own trade

Some time soon, the truth behind these accusations and counter accusations is set to emerge. Early next month, the Commission itself is scheduled to have its first formal discussion of external trade policy after 1992. Gradually thereafter it should begin to become clear whether the outside world really does have grounds for alarm about the many points In theory there should be no

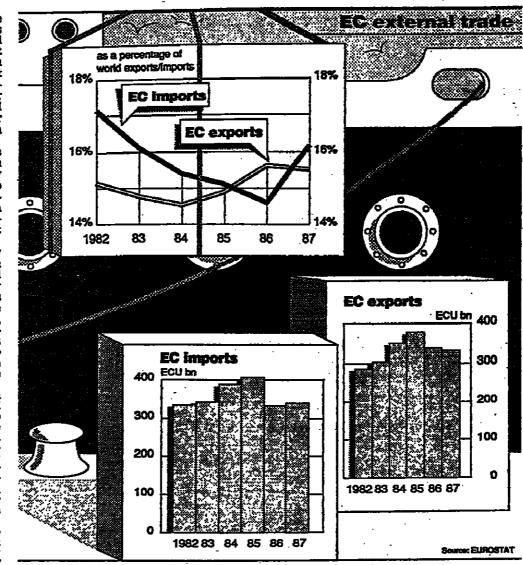
reason for doubt at all. Not only is the EC wedded by Article 110 of the Treaty of Rome to a charter that obliges it to contribute to the develop-ment of a liberal world trading system, trade policy decisions taken by its Council of Ministers are voted on the basis of what is known technically as a "qualified majority". This means in practice that the four countries normally regarded as staunchly liberal in trade phi-losophy – the UK, Germany, the Netherlands and Denmark should be able to block any protectionist excesses among the rest of the 12.

Mr Willy de Ciercq, External Trade Commissioner, has made it clear on a number of occasions since this summer that the aim of trade policy after 1992 should be to promote fur-ther liberalisation of the world trading system. Where trade in goods is concerned, the Gen-eral Agreement on Tariffs and Trade already has established rules and these will be respected, he says.

Where trade in services is concerned, there are no such rules. The EC does intend to seek reciprocal benefits from its trading partners whose access to European markets will be increased as a result of 1992. But these will later be "multilateralised" through dis-cussions in the Gatt to the ben-

As so often, however, there is a wide gulf between theory and practice. When the idea of the single market was first mooted in a Commission White sels paid any attention to its trade policy implications, because these were thought to be broadly neutral. Only as implementation of the single market loomed closer, have some far-reaching practical problems come to the fore.

The European marketplace today is peppered with national restrictions on



Trading places for the future

Peter Montagnon on the war of words over how protectionist the EC will be after 1992

imports of a host of products ranging from paintbrushes and bananas, to textiles, whose trade is strictly regulated under the Multi-Fibre Arrange ment, and to Japanese cars, which are virtually excluded from some countries such as Italy but freely admitted into others such as Germany. In a

The outside world fears community restraints will slide into protectionism

single market without frontier checks such national controls will become unworkable and munity-wide set of restraints, which, the outside world fears, might open the door to a slide into organised protectionism.

Then there are areas such as government procurement where international rules are incomplete. The Gait code on government procurement, for example, does not cover the key sectors of transport,

The award is run by the

women's magazine, Options, and is sponsored by the TSB

■ The story in last Friday's Observer column about Neville Chamberlain flying to Ger-many on scheduled flights of

British Airways aroused such disbelief that it was changed

in later editions to say that

he flew by Imperial Airways. The early edition story was correct. A reader, Desmond

Goch, who was a schoolboy plane-spotter at the time, recalls Chamberlain flying in

a Lockheed Electra from the then Heston airport where

British Airways operated. Imperial operated from Croy-

don. The two airlines were merged in 1941 to form the British Overseas Alrways Cor-poration under the chairman-ship of Lord Reith.

Sinking fast

John Lister, the former ICI

executive who chairs British Shipbuilders, will not be around today to find out

whether there are any bidders

for the state-owned corpora-tion's Sunderland subsidiary,

builders (Nesl). Instead he will be cruising in the Mediterra-nean when the deadline for

Lister's absence underlines

his opposition to the Govern-ment's decision to break up British Shipbuilders, although

be will have to decide whether

any of the bids are viable. That

looked unlikely yesterday. No bids had been received.

treatment by the DTI, which gave him the impression he was being recruited to repeat an earlier success at ICI Fibres,

and then scrapped the recovery

Lister is cross about his

known as North East Ship-

offers expires.

Trust Company.

Flight error

energy, water supply and tele-communications. That means the EC would be free to impose its own rules on access to these markets for foreign suppliers. Elsewhere there are fears that the EC might introduce new industrial standards designed to disadvantage outsiders. Finally, the EC is breaking

ew ground in the services sector, where Gatt as yet has no agreed rules. Officials like Mr de Clerco have warned that Europe cannot simply give away to outsiders the advantage of access to its expanded market in areas like banking and insurance without receiving benefits in return. Quite what benefits remains far from clear, but at the very least the risk is that the EC will end up guay Round of multilateral

trade negotiations. Recently, as these issues have surfaced, doubts in other countries have grown ever more insistent. Speaking of the areas as yet outside the Gatt, Mr Muneoki Date, Japan's Ambassador to the EC, says: "We are quite ready to co-operate in the Gatt forum, to for-

OBSERVER

mulate new international rules but we fear very much that before the outcome of the nego-tiation is known in the Gatt, the EC will go its way and set

its own rules."

Mr Al Kingon, US Ambassador to the EC, adds that concern is growing because of Europe's failure to speak with one voice. While the most senior officials in the Commission are unanimous in debunking the idea that 1992 will lead Europe to erect a protectionist fortress, the message changes as soon as the question sur-faces lower down the ranks of the Brussels bureaucracy, in the European Parliament or in industry itself.

Then the emphasis switches to words like reciprocity, tranturing industry. "I and my government colleagues back home say, What do you mean? And we don't get clear answers," he

Says.

Europe's continuing inability to give clear assurances to its partners on the external 1992 policy implications of 1992 owes much to its own failure to develop internal debate soon

enough. Privately, some senior Brussels bureaucrats admit to a degree of panic as they realised the importance of the issues still to be addressed.

Of all the issues now facing the Commission, two - car imports from Japan and reciprocity requirements in banking and financial services have emerged as leading indicators of its stand on trade in the run-up to 1992. Not only are they particularly sensitive in economic and political terms; together they encapsulate many of the underlying worries of the outside world.

With varying degrees of legality under international trade and Community law, thaly, France, Spain. Portugal and the UK all operate national restraints on imports of Japa-nese cars. The Commission would like to see these restraints rolled into a temporary Community-wide quota after 1992 when they would hecome unenforceable at national level. It sees this as a prelude to phasing out such restraints altogether. But the European car indus-

try has somewhat different ideas. It would like any new arrangements to include an 80 per cent local content require-ment on cars manufactured by Japanese companies either inside the Community, or in countries like the US for export to Europe. If the requiremen is not met then those cars would be included in any import quota Moreover, the European industry wants to use the negotiations with Japan as a lever to demand access to the Japanese market equivalent to half the market penetration achieved by Japanese firms in Europe. The case of financial services

The case of financial services seems more arcane, but in practice it strikes to the heart of trade policy principles as they have developed since the War. Many in Europe believe that to demand reciprocal access to overseas markets is a reasonable quid pro quo for granting access for outsiders to a liberalised European market. This simply extends the reciprocity principle long applied by countries such as the UK in issuing licences to foreign

issuing licences to foreign banks wishing to set up in their home markets. But along the way the discussion has assumed elements of unusually

sharp controversy.

Not only is the UK opposed to this idea because it could effectively allow a country like Greece to block the establish-ment of Japanese banking sub-sidiaries in London. The concept has also set alarm bells ringing elsewhere in the world because the concept of reci-procity is as yet ill-defined.

Japan could never guarantee Europe a specific share of its car market

Some countries, such as Italy, claim that reciprocity means insisting on identical treatment. In other banks should not be given access to the pan-European market because interstate banking restraints in the US impede nationwide operation by European banks in the US. Others, such as France, have argued that subsidiaries of for-eign banks already established in the EC should be denied the right of pan-European opera-

tion unless reciprocal access is granted to their home markets.
These notions far surpass These notions far surpass what has, up till now, normally heen regarded as reasonable. At the extreme they suggest the automatic application of rigid reciprocity criteria that go beyond conventional notions of simple market

access. As in the case of cars. the debate reveals strong political pressures within the RC for the 1992 changes to be used to protect European business. In both areas the arguments lead quickly to conclusions which conflict with the basic

underlying concepts of the multilateral trading system. If it adopted these ideas, sceptics say, the Community would become firmly embarked on a course of discriminatory bilateralism in trade from which retaliation could quickly follow to the detriment of all concerned. It would start making demands on trading part-ners which they could not deliver. Japan could never guarantee European producers a specific share of its own car market. The US could not change its interstate banking laws simply to satisfy the whins of the EC Commission in Brussels.

To free trade bureaucrats within the Commission, this fear of bilateralism is all so much hogwash. Although its trade with third countries accounts for around 15 per cent of all world trade. Europe's internal differences mean it is not strong enough to pursue an aggressive bilateral trade

policy, they say.
Yet against the background of much tougher implementation of rules on anti-dumping it is clear that political and industrial pressures are bulld-ing up to a point where the EC has already begun to put its own gloss on some of the established international rules.

According to Mr Kingon, the strength of such pressure has yet to be fully felt. Citing the minimal 2 per cent share won by foreigners in the Ecu550bn government procurement market, he says, he does not believe that European industry has yet come to grips with the competitive spirit that 1992 is set to unleash.

"What happens when the barriers come down and local businessmen face this competi-tion? What are the politicians going to do when they run for help?" he asks.

Mr Kingon says the EC is in a similar position to the US a couple of years ago when the Reagan Administration faced vociferous industrial demands for protection. It will be harder for the Commission to fend off such pressure because the structural changes for which Europe is heading will be particularly rapid and fundar

Commission officials admit that one of their tasks is to calm the anxieties of European companies who worry that 1992 will end up offering the greatest advantage to giant multinational corporations from Japan and the US. Strategically the present uncertainty over trade policy has as much of a role to play in allowing these fears to work themselves out as it has in putting foreign trade part-ners on the defensive, they say. For the time being the outside world can only hope they are

A further article next week will examine the response of US multinationals to the changing European market.

PM's room at the top

■ Having already turned Green, visited Ulster, watched the Bush-Dukakis debate. received the President of Egyp and the Prime Minister of Malaysia, and no doubt done 101 other things this week, the Prime Minister yesterday did her bit for women. She presented the Women Mean Business awards at the Dorchester Hotel and had a wonderful

time being photographed. Semi-circled, at her request, by the six finalists, she said uncharacteristically: "We can't do everything at once. Shall I go backwards?" She also made a rather pithy speech. "Women have every bit as much talent as men. They are now gaining in self-confie...If you want to make a bureaucrat tremble, show him a really determined

Talking of Europe 1992, she opportunities than ever for small businesses. "Women think there is not much room at the top. Their life is lived in the foothills. They create their own peaks. Then they find that there's tons of room

at the top."

First prize went to Gillian Harwood, managing director of Omnibus Workspace Ltd. Harwood started by letting rooms to overseas students. She then inherited a small factory in London's Camden Town and began to rent out workshops. By now she has a string of such buildings. some of which are being turned into shopping centres

and restaurants.

The prize for the best newcomer went to Marilyn Orcharton of Winchester whose com-pany, Denplan Ltd. specialises in persuading National Health dentists to provide their patients with preventative care. Jamie Godber, the co-founder of the Knickerbox which is about to expand abroad, was joint third.



"I can see hundreds of cen-

plan. So far he has chosen not to embarrass ministers in public, and merely observes that he doesn't relish the job of presiding at a funeral when he thought he had been hired to work a miracle. He thinks that he was misled about the corporation's prospects, but says he plans to stay put and get the best deal possible for its dwindling workforce. He s being canvassed as chairman of an enterprise corporation to be set up in Sunderland if Nesl has to close, yet may not be interested.

A keen cricket fan, and former wicketkeeper (he used to stand up to the fast bowlers with a steak in each glove), Lister, now 57, wants a good innings somewhere else before

Early polls

The first Gallup polls were introduced in Britain in 1937.
They were not then very scientific or regular. Still, something of the impact of the

Munich agreement, which has may be seen in the 1938 responses. In March that year only 24 per cent of those polled said they favoured Chamberlain's foreign policy. By October 57 per cent said that they were satisfied with Chamberlain as leader.

Japanese talk

■ Missionaries in the sixteenth century referred to it as the "devil's tongue"; today it is seen by some as the ultimate non-tariff barrier to trade in Japan. It is the Japanese lan-guage. On the US State Depart-ment's scale of 1 to 5 for lan-guage difficulty, Japanese scores a 5, along with Chinese,

scores a 5, along with Chinese, Korean and a few others.
In early November a new course in practical Japanese for business men and women starts at London University's School of Oriental and African Studies. The five-day course concentrates on basic grammar and everyday vocabulary. It is used by the Japan External Trade Organisation in Tokyo Is used by the Japan external Trade Organisation in Tokyo and was designed by Hajime Takamizawa, director of the State Department's Japanese language School at Yokohama.

JETRO was originally set

up to promote Japanese exports, but has undergone something of a Damascene conversion and now tries to encourage imports to Japan. It has given the course to SOAS and funded Takamizawa's trip to Britain to train instructors and make any mod-

Timeo Danaos

American jokes: "What are the two worst words in the English language?" "President Quayle." George Bush is being described as "the evil of two lessers". Michael Dukakis is known as "Zorba the clerk" and, being a small man, there is also the line: "Beware of Greeks wearing lifts."

THE **BARNES PARTNERSHIP**

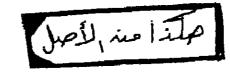
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POLITICS TODAY: Joe Rogaly

Pinching ideas — and car radios

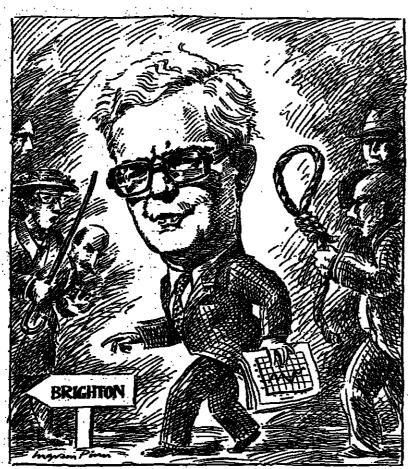
he Ugly Right will play out its black comedy at this year's Conservative Party conference in Brighton, as it always does. The dark side of the Tories will be made manifest in atavistic attitudes to crime and punishment (and, no doubt, race relations). Britain's opposition parties should be grateful. For they are finding it increasingly difficult to pin the Conservatives down as the nasty party. Every new buzz-word that Labour or the Democrats come up with is purloined by the Tories, in name if not in loined by the Tories, in name if not in

on Tuesday night the Conservative Prime Minister, Mrs Margaret Thatcher, pinched one of this year's outstanding opposition topics — the environment. Private Tory polis had indicated that she would be wise to do so. The politician in her was quick to respond, the economist in her made sure that she did so cheaply. She emphasised her concern about three friends of the earth issues on two of emphasised her concern about three friends-of-the-earth issues on two of which — acid rain and the ozone layer — the Government is already obliged by international pressure to act. The third, the "greenhouse effect", is still at the international hand-wringing stage. In this way Mrs Thatcher was able to tint herself green without committing the Gov-

ernment to any change of policy.

Another current opposition runner, citizenship, has been hijacked with equal political sincerity by the Home Secretary, Mr Douglas Hurd. He has given us the "Active Citizen". This has nothing to do with the civic rights that the Democrats mean by the word, or the social rights that concern Labour, but it is wondrous political theft. We will hear more about it the week after next. Thus for the moment the only revitalised word in the pro-gressive vocabulary is "community", which both Labour and the Democrats are seeking to patent. They haven't a hope. Masks over their eyes and swag-bags over their shoulders, the Tories are on their way. My guess is that either the Home Secretary or the Prime Minister will display the loot at the Tory conference in Brigh-

ton the week after next.
So Labour and the Democrats can thank the permanent Tory demons for the fact that the Brighton conference agenda includes 166 law-and-order motions, of which a quarter call either for the return of capital punishment, or for a national referendum about it. (This might be popular, but I am talking about the opposition parties' perceptions, not the mes from the opinion polls.) Other motions demand the birch. Yet others would have the courts fling criminals in prison and throw away the key. Perhaps the nearest thing to a thoughtful motion on the subject is This conference has no confidence in



the current Home Office response to the grave public concern in the field of law and order." That one seems fair enough. Lambasting the Home Office, and particularly the Home Secretary, is a healthy political activity, which ought to be encouraged. After all Mr. Hurd — as we shall see — can look

after himself. Unfortunately what lies behind the no confidence motion is all too likely to be gut-reaction rather than reason. If any of the little devils who have stolen my car radio four times in the past two years had been within clipon-the-ear distance at the time, justice might have been swift. Most of us become extremely angry, and possibly desirous of revenge, when we hear of yet another ghastiy act of violence in the streets. IRA murderers stimulate a totally human desire to repay them in their own bloody coin. All of this is easy enough to understand. The Ugly Right, however, stops at emotion. It does not think. Lock them up for longer, it says. Flog them. Hang them.
If these remedies did any good there

might be a case for taking them seriously. The trouble is that there is no evidence that they are effective. In the United States, which is said by those who study these matters to be one of the most criminal societies the earth has ever seen, they have calculated that it would take a 38 per cent increase in the prison population to effect a 1 per cent decrease in crime. The Home Office has made similar calculations, with similar conclusions, for England and Wales. The sums simply do not support the theory of reducing crime by keeping criminals locked up for longer, or at least not at any sensible price. You could argue that flogging might be a deterrent, if criminals thought the odds were in favour of them getting punished. You would be wrong. The number of offenders "dealt with" by a police cantion or an appearance in courts is only 2 per cent - that's right, 2 per cent - of all indictable offences. This is hard to credit, but follow the evidence. Only about a quarter of the crimes that take place are actually

you been assaulted/robbed/burgled recently?) can be set against police records. Just over a quarter of recorded crimes are "cleared-up," which means the police are pretty sure who did it. Some of these are crimes committed by people convicted of other offences, or by children too young to be prosecuted; others are not worth further action. In the end the number of offenders "dealt with" comes down to less than a third of the pumber of offences "cleared up". It is number of offences "cleared up." It is little wonder that I found the local police supremely uninterested in those car radio theits. Anyhow, 27 per cent of all the crimes they carry in their books involve stealing motor cars or from them. Of course the clearur rates of crimes they carry in the care many serious ways of their books involve stealing motor tackling the problem. The Active Citizen is one of them. This involves both clear-up rates of serious crimes of vio-lence are much higher, but perhaps that is because so many occur between people who know one another well.

Most of these statistics were dis-cussed at a Home Office seminar earlier this week. The Home Secretary, his junior ministers, and a selection of senior officials were there to talk about crime to an audience of busi-nessmen (the chairman of this, the chief executive of that) and other elevated personages. The idea for such an event came from a deputy secre-tary; it is to the credit of Mr Douglas Hurd, the Home Secretary, that he

Some of the numbers that emerged are extremely thought provoking. It is true that there is about seven times as much reported crime now as there was just after the war - but the real ncrease is probably much lower. For the rise in the number of police has meant that there are more constables available to note complaints, while the spread of the telephone into many more homes has made reporting easier. More widespread home ownership means more insurance policies -and more reporting to the police of

Very well, you say, what about vio-lent crime? Here again it is question of "believe it or not". The simple fact is that a mere 5 per cent or so of crimes involve violence. Many of these are pub brawls, in which the losers suffer slight wounds. The pro-portion that is reported is an open question. But surely people will report things like rape? Perhaps, but it is only over the last three years or so that the police have begun to take a more sympathetic attitude to the victims, with the result that the num-ber of recorded rapes has shot up sharply. We cannot be sure about the

Thus when Mr Hurd tells the Tories that the crime figures for the year to last June show a drop in the overall quantity of offences, particularly in

reported to the police. We know this the inner cities (partly offset by more because crime survey statistics (have pour been assaulted/robbed/burgled using statistics that may be only using statistics that may be only loosely correlated to reality. The same doubts apply to the headline scare stories about increases in violent

The need for a sophisticated approach to crime is brought home by just one more selection from the statistical tables. Here goes: Most crime is committed by teen-aged boys. The peak age for crime is 15. A third of all males will have been convicted of an indictable offence by the age of 28.
Just imagine how many more have got away with it.

zen is one of them. This involves both businesses and private individuals assuming a responsibility (alone or as part of neighbourhood groups) for making it more difficult for kids to walk off with things. If cars are locked and fitted with security alarms and removable car radios are taken into the house at night fewer such radios will be stolen. Many Italians take their car radios with them whenever they leave their cars. So do I. now. Burglar alarms, door viewers, security patrols, better lighting - the list of crime prevention measures is long. Another line to tackle might be to make sure that city-centre children really do stay in school until 16; too many simply walk out at 14.

None of this means that crimes should go unpunished, although I doubt the efficacy of some of the increased penalties that came into force yesterday under this year's Criminal Justice Act. The Home Office in mall advanced in studies of Office is well advanced in studies of new kinds of compulsory service in the community. They are evaluating three kinds of bracelet that would tell them that an offender sentenced to "house arrest" was really at home when he or she should be. There will be renewed calls for the foreshortening of judicial procedures, including curtailing the right to a jury trial. Mr. Hurd is understandably wary of this. The idea of farming out prison building and administration to the private sector has not been abandoned. Again, the list of Home Office bright ideas is large, and growing.

Mr Hurd's task at the Tory conference is to ward off accusations that be is soft on crime. Nothing he can say short of "come on, punks, make my day" will satisfy the hangers and flog-gers. But there is plenty of meat for a speech that would make the Government seem thoughtful and humane about a whole range of social prob-lems associated with crime and punishment. It could go some way to wipe out the familiar conference image of the Ugly Right. We shall see.

Lombard

Where the aid money goes

By Victor Mallet

ern countries are mean about aid to Africa. They should, the thinking goes, give away far more money each year to assist this desperately poor continent with its development.

It may be so. Yet aid donors, with their aid projects, four-wheel drive aid vehicles and disclated contents are

and aid-related contracts, are already an overwhelming presence in sub-Saharan Africa. Multilateral, bilateral and nongovernmental, they dominate the political and business life

of many an African city.

Although we are told that
Africa is not getting enough
cash, harassed aid administrators in the field often compete with each other to spend their dollars and search in vain for worthwhile projects to fund. Money ostentatiously commit-ted by their governments frequently remains unspent at the end of the financial year.
Aid organisations invariably

claim to have learnt from the mistakes of the past. Nowadays, they say, we involve Africans in decision-making, we support the private sector, we spurn prestige projects involving high recurrent costs in for-eign exchange, and we refuse to undermine local markets by dumping our subsidised food surpluses in Africa.

But in practice the same mistakes are repeated over and over again by the same vested interests in the donor commu-nity and in the countries sup-posed to benefit. Foreign aid to Africa in this decade is hardly more successful than it was in

A couple of years ago the US Government gave perishable corn soyamilk to Zambia through the World Food Programme to combat infant malnutrition, but the Zambian Ministry of Health was too inefficient and too short of trucks to distribute it to rural clinics. This year some of the US food - rotten, infested by weevils and unfit for human or animal consumption - has been destroyed. Doctors in remote villages, hopes raised by news of the project, plead for supplies which never come to save the emactated children in their care.

It must be said that aid works rather well in more efficient countries such as Bot-

CONVENTIONAL wisdom has swana, but that is because Botit that Britain and other West-swana is so rich and well-run swana is so rich and well-run that it requires no financial

that it requires no financial assistance in any case.

Throughout Africa foreign aid still generally benefits governments rather than peasant farmers. African elites, renowned for corruption and inefficiency, like to accept aid money to save foreign exchange and plug the budget deficit, even if a project is inappropriate and they are unable to implement it. Donors are happy to plan projects, dump happy to plan projects, dump their food surpluses, triumphantly announce the high nominal value of their gift, and claw back much of the money by paying their own experts (using their own vehicles), to

administer the aid.

There is little doubt that aid to Africa induces a sense of chronic dependency in the recipient nation. The continent is notorious for its lack of a maintenance culture: why spend \$1m of your own money maintaining a road when a donor will spend \$10m to build

Every year part of the Zam-bian maize harvest is spoiled by rats and by the rains: why lose sleep over organising proper production incentives, transport and storage for your own crop when the donors will step in to dump their own food or buy it for you from Zim-babwe next door? Dependency is in some cases so extreme that donors negotiating with a government will actually draft the government's replies to their own letters, then take the letter round to the relevant

ministry for a signature.

Food aid — with the important exception of emergency assistance — is a particularly pernicious form of foreign intervention in Africa which continues from year to year despite repeated protests from economists and farmers.

Most countries in Africa have been described at one time or another as "potential bread-baskets", but still the cheap grain pours in from Can-ada, the US and elsewhere to undermine the local food market. When will it end? When governments see sense? Or when another, more serious drought in the American grain belt spells catastrophe for a continent so dependent on food

The Royal Opera House has a duty to act in its own interest

From the Director of the Royal

Sir, It is not easy for the Royal Opera House to reply adequately to its critics while litigation over its planning application is in process, but Lord Jenkins's polemic ("Plans that fall sadly short of glory," September 28) cannot go unan-swered. Read as commentary on what we shall eventually

build, it is wrong, and will be shown to be wrong, in every particular.

The details of rejoinder must wait, but something of substance can be said now. The Government has made it categorically clear that, after its gift to the Royal Opera House of the land on which we shall build, not one further penny

will be forthcoming to pay for the expansion. In these circum-stances it would be folly for the board of the Royal Opera House to procrastinate until that particular moon turns blue, or to wait for the equally unlikely benefit of a National Lottery, put forward by other helpful critics, to come miraculously to our aid. On such sands we cannot build.

a duty to its public and to the nation to act in its own interest. Within the due process of the law, we shall do so, and create buildings and a public amenity both practical and beautiful into the bargain.

Jeremy Isaacs, Royal Opera House, Cooent Garden, WC2

Quality not quantity is what matters in aid programmes

From Mr C.H. Walton. Sir, Mr Roger Riddell (Letters, September 6), endorses the House of Commons foreign affairs committee's view that British aid programs should not be linked with World Bank and International Monetary Fund (IMF) conditionalities. He cites Zim-babwe where the US has recently de-linked and urges the British Government to fol-low suit. Unfortunately, if unwittingly, he adds weight to

rather than the quality of aid which matters. In general there are two points to be made. First, there

is broad agreement among donors that aid co-ordination is an essential element in aid effectiveness. In the past there have been too many instances where donors have supported programs and projects regardless of the policy framework of unwittingly, he adds weight to the countries they have been the impression which once trying to assist. This has con-

again seems to be gaining tributed to the present sad sit-ground, that it is the volume uation in Africa. uation in Africa. Second, the determination of country policy framework and lending conditionality are not

just a product of the IMF and World Bank but the result of the widest collaboration among donors, in particular through the country consultative groups in which the concerned country fully participates. It is not good enough for some donors to be closely associated with what is a thorough process and then act indepen-

dently of its conclusions. Of course, nobody would deny a donor the right to act independently but it would be errone ous to jump to the conclusion that the additional resources transferred will necessarily further the development prothe British Government's aid program is so effective is this course. Wolfson College, Oxford

s. One of the reasons why cause it has refused to follow

Why the brakes are on in the headlong flight to 1992

From Mr Bryan Glover. Sir, There seems to be a general air of surprise that the British Prime Minister, if not actually back-pedding, is ceractionly stepping with some force on the brakes with respect to our headlong flight to 1992 and the implementation of the Single European Act. A brief comparison of equivalent areas of legislation ought, however, to

dispel such surprise.

Compare the laws in the UK on such subjects as pensions, minimum wages, social security and the rights of individual trade with the rights of individual trade. ual trade union members -many of which have been enseted during the last decade enacted during the last decade - and the reluctance of the Prime Minister to permit full integration becomes clear. In many areas, particularly that

of equal opportunities, Britain comes bottom of the European

In her speeches, Mrs Thatcher has characterised the differences between her Government and those of the rest of Europe in that she has distanced herself furthest from the exercise of individual choice. For such as myself, a lifelong National Health Ser-

vice worker, the opposite is closer to the truth.

I was looking forward to 1992

as a major step towards improving not only my per-sonal conditions of employment, but also the quality of the service I am permitted to provide. Now, I am not so sure. Bryan Glover, 14 Wensley View, Leeds

The fact is that British exports are not doing well

From Mr I.I. Campbell.
Sir, is it not bizarre, as you comment in your leader ("Tests for UK economy," Sep-tember 28) that trade figures which are the second-worst ever can be hailed as a success, leading to a surge in the FTSE and a % per cent improvement in exchange rates?

The British Exporters Association has been warning the British Government for the past two years that the growth in sales abroad was short-term, based on the weakness of ster-ling, and that unless some radical steps are taken to improve the UK's export performance, there is a real danger of

Proposals to streamline the provision of export support, ander a single Cabinet-level minister; proposals to restruction the eight month figure of Proposals to streamine the provision of export support, under a single Cabinet-level minister; proposals to restructure the way in which the UK disburses aid to make more of it bilateral; taking Britain into the EMS to reduce the adverse effects of currency fluctuaeffects of currency fluctuation tax laws to give incentives

to exporters - all these have been cogently put to the Gov-ernment - and duly ignored. Mr Nigel Lawson, the Chan-cellor of the Exchequer, claims that "exports are continuing to perform well" and lays the blame for the deficit on too much domestic growth and

£52.7bn to a 12 month of £79bn, and allowing for inflation, the UK is actually performing worse than it did in 1987.

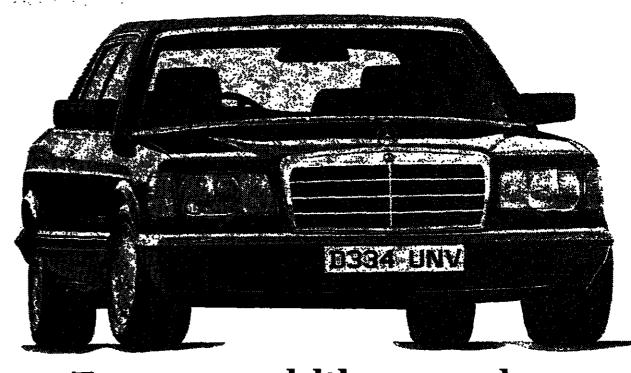
Unless there is a dedicated single-minded approach to improving export performance on the part of Government and industry, then the UK's 1989 trade deficit could top £20bn. A final comment on the effi-

cacy of Mr Lawson's interest rate strategy. Given that imports of consumer goods are which is only a slightly

higher figure than the sum of actual growth in the sonn or plus inflation — whilst it is capital goods, raw materials and inputs for industry which are up by 25 per cent, can the Chancellor explain how the equation works?

A 12 per cent base rate may reduce consumer demand slightly, but it is not going to help British industry to become more competitive in the international market-place
- which is where we must seek our salvation, if it is to be found anywhere. LJ. Campbell,

Britisk Exporters Association. 16 Dartmouth Street, SW1



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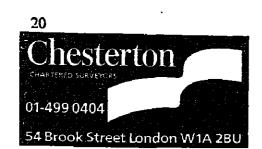
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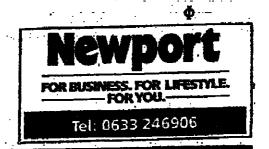
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FINANCIAL TIMES

Friday September 30 1988



IMF gathering ends with upbeat outlook

MR Michel Camdessus, managing director of the International Monetary Fund, yesterday wound up the Fund's annual meeting with an upbeat assessment of prospects for improvements to the international monetary system.

His comments came as Mr Barber Conable, his counterpart at the World Bank, defended the Bank's decision to extend \$1.25bn in loans to Argentina before it has agreed an IMF adjustment pro-

The last day of the Fund and Bank gatherings, which have been marked by massive security and regular battles between police and protest groups, saw renewed demon-strations in the centre of Ber-

lin, with some streets blocked In his closing address, Mr Camdessus said that he had been struck by the recognition among governments that it was time to look at ways to strengthen the present exchange rate system. There had been a "rising ferment" in favour of addressing a number

of key monetary issues. He indicated that the Fund several options raised during the week. These include geater use of economic perfomance indicators in international policy co-ordination and an enhanced role for the Special Drawing Right (SDR) in It would not, however, be

seeking a theoretical blueprint for a new monetary system. Mr Camdessus, who earlier in the week was strongly criticised by Britain for suggesting it might need to tighten its fiscal policy, also insisted that the meeting had recognised

that governments should not

rely solely on interest rates to control their economies. Fiscal and structural policies should play a more important role. His comments on the debt crisis reflected the determina-tion of most industrial countries to stick with the present "case-by-case" approach. "I do not believe that a lasting solution to this complex problem can come from any other approach", he said. But it was

similarly imperative that the

debt-servicing capacity.

Mr Conable cited broad support for a "pragmatic evolu-tionary approach" to the debt crisis which should include the provision of new money and the voluntary reduction of

However, he said "performance by the indebted country is the real key." The approach only made sense when the country had embarked upon economic adjustment that would lead to growth Defending at a press confer-

ence the Bank's controversial decision to recommend \$1.25bn of loans to Argentina before an

strategy be strengthened to enhance growth in developing countries and improve their fragile, and almost on the verge of hyper-inflation.

Rapid action was necessary but the Fund had been consulted in each stage of the pro-cess. "As far as I know, there is no serious problem about it,"

Mr Camdessus said that there had been no difference of approach between the Fund

While hailing progress on an initiative to relieve the debt of the poorest African countries, Mr Conable pointed to the fact that "many years of co-ordi-nated, concerted patient work lay ahead." Resolving Africa's problems was a "marathon not

China eats itself into a food shortage

Colina Macdougall examines the adverse effects of the national appetite

OOD is an obsession in China. One distin-guished Taiwanese in a book banned but nevertheless widely read in China – has even claimed it is a substitute for sex.

"Every one of China's 1.1bn people wants to eat lean pork and drink beer," Li Guixian, governor of the People's Bank, commented bitterly earlier this

As urban wages have rock-eted, so has China's consumption of food. Restaurants, mas-sive users of the country's food resources, have had a field day as expense account banqueting has become nationwide big

The Chinese are simply eating too much for their present state of development, claims an economist in a recent issue of the China Newsletter, a magazine of the Japan External Trade Organisation. He quotes a table compiled by China's Academy of Social Sciences to show that China's meat consumption in 1986, when per capita gross national product was \$465, was three times that of South Korea in 1978, which had a per capita GNP of \$1.279

While it may be unjust to criticise calls for a better diet in a country where millions have lived near or below the breadline for generations, such demands have fuelled enormous pressures which the present state of Chinese agriculture cannot continue to meet.

Along with the new demand goes a perennial fear of shortages. It does not take long for a run on the banks and a surge of panic buying, such as occurred last month, to sweep all the food off the shelves. In the jittery atmosphere of a few weeks ago, Hu Qili, a senior



Chinese cooks struggle for a recipe to meet demand

leader, found it necessary to deny that there was any com-parison with the "three diffi-cult years" of 1959-61, when 16m people died of malnutrition.

China has not yet tackled the root of the problem: farmers' incentives to produce more are tightly limited. Grain prices are semi-controlled, while vegetables and meat move regularly from glut to shortage and back again. In time of shortage, Peking applies price ceilings and authorises new rationing and subsidies. Foods such as pork rationed by price and there is little beside these relative luxu-

ries to mop up spending power. Now that the leadership has postponed price reforms for another two years, there is no immediate chance of getting the right price balance between food, services and

Price is also a factor in the slow growth of grain produc-tion. This year the harvest is not expected to reach its target of 410m tonnes, or even the pre-vious peak, in 1984, of 407m tonnes. This is partly due to bad weather but more to low prices and the declining benefits of rural reform.

Next year's harvest may also be below expectations because area, China Daily said last week. Nor are the long term prospects particularly bright, with the target for 1990 of 450m having been postponed until

The reform programme,

launched by Deng Xiaoping, the Chinese leader, in 1978 was highly successful for the first few years but has run out of steam. A turning point came in 1984 when the old Maoist communes were finally disbanded and the quotas for grain-growing given up in favour of a new contract system, but without much in the way of new prices. Acreages sown to grain dropped at once as farmers turned to more profitable activ-

ities many in rural industries. What payment farmers receive from the Government those of fertiliser and pesticides which have risen hugely in the past few years. For political reasons Peking is fright-ened of raising the grain price and leave the urban consumer

The unbalanced pricing system has also caused the country to lose farmland. Nearly half a million hectares disappeared from cultivation alto-gether in the years 1980-86, according to the State Statis-

The rise of rural industry, to which the farmers turned for new profits, is partly to blame. So is the widespread building of new houses. Brick manufacture, a popular new activity, uses land up twice over, once in the space it occupies and again as raw material.

As families move to work in the new industry, they leave their plots fallow. The plan was that these should be transferred to households that wanted to stay in the farming business, but no one wants to surrender land which could provide a living if the reforms were terminated. In south China, the China Daily said earlier this month, there are land, half of which was recently in cultivation.

Farming has also become ess efficient. Much farmland is more vulnerable to the weather than under the old Maoist system, because private farmers no longer bother to keep up communal dykes and irrigation. Nor do they main-tain the structure of the soil with organic fertilisers, the Chinese press complains.

Chinese farming has to con-tend with overpopulation, shortage of land and devastating weather. But until the leadership can complete the reform and ensure that prices paid to the farmers reflect the costs scarcity, the problem is unlikely to come anywhere near solution.

Piper Alpha safety 'breakdown'

Continued from Page 1

form and the pumps may also have been damaged by the ini-Had water been available it might have kept the structure cool enough to contain the

spread of fire. No alarm was sounded and no announcement was made to abandon the platform. -The fire was subsequently

rie hre was subsequently fed by crude oil and nearby tanks of diesel fuel. After 20 minutes, high-pressure gas pipelines leading to other platforms in the area had rup-tured, causing a huge explo-sion that enguised the whole of Piper Alpha in a ball of fire.
Although most platform

workers were trapped by the flames in accommodation units, those who tried to escape found that lifeboats would not inflate. Mr Petrie has stressed that the findings of the report are tentative. Alternative theories are offered about the initial cause of the blast and these could be altered as the investi-

gation continues.

Mr Petrie's letter is the second to the industry since he began his inquiry, immediately after the disaster.

Soviets put terms on arms cuts in Europe naval forces, arguing that the . the Soviet view, would begin

ding tanks and artillery, but only in exchange for one-sided cuts in Nato's strike aircraft, Marshal Sergei Akhromeyev, Chief of the Soviet General Staff, said yesterday.

In a lecture organised by the Stockholm International Peace Research Institute, he said forthcoming talks on deploy-ment of conventional arms in Europe would be meaningless unless they dealt with offensive aircraft - in which.

MOSCOW IS READY to negotiate away the advantage it has over the West by shedhave for 18 months been discussing establishment of a new forum to consider conventional weaponry throughout Europe. Mr Mikhail Gorbachev said

this week that "agreement was nearing" on setting up the Conventional Stability Talks (CST), despite difficulties over the mandate and wrangles over human rights at a related European security conference. He hinted that there should be separate negotiations on

US had twice the Soviet strength in big warships and sea-based aircraft, and absolute superiority in attack aircraft

Soviet officials indicated that Moscow might make a unilateral reduction in conventional arms in order to make a breakthrough in the talks, but major cuts would have to be mutual.

with an exchange of data on troop strengths, followed by the elimination of "assymme-

promise to move towards a "purely defensive" stance and said the Soviet Union was taking steps to change the config-uration of its forces in Europe in order to ease Western concern. Hitherto stated Soviet

A unilateral move would pre-sumably be intended to "set the ball rolling" in a European disarmament process. This, in

tries" and withdrawal of 500,000 troops by both sides. He reiterated Moscow's

policy has been to repel aggres-sors by a "mixture of offensive

Gonzalez attacked on US 'nuclear' pact

By Tom Burns in Madrid and Nancy Dunne in Washington MR FELIPE GONZALEZ, the the possibility of US nuclear

WORLD WEATHER

Spanish Prime Minister, suffered a barrage of criticism from opposition groups yester-day over a new bilateral defence agreement Spain has concluded with the US.

The pact was announced late on Wednesday at the United Nations by Mr George Shultz. the US Secretary of State, and Mr Francisco Fernandez-Ordonez, Spanish Foreign Minister. The opposition claims that under US pressure Mr Gonzalez has reneged on the terms of a 1986 referendum and allowed weapons on Spanish soil.

The US is in the midst of difficult negotiations for a number of new base agree-

ments. The State Department yesterday expressed "delight" that "we finally got one of them nailed down." Most of the provisions of the pact had been agreed earlier in the year. For the first time since US-Spanish defence

70 77 | Rhodes | 12 55 79 | Rhodes | 12 55 | Rho de J'o | 32 90 | Rocks | 25 77 | San Francisc | 29 85 Social | 15 98 | Sheckholm | 15 98 | Sheckh

agreements began in 1953, the agreement contains no eco-nomic or military aid commitments. It allows the US eight

more years military use of disciplined majority. But as far Spanish bases.

almost certainly be approved by the Spanish parliament where the Socialist Party has a

removal of 72 US F-16 fighter aircraft within three years. This is the first unilateral reduction of US forces in a European country since France withdrew militarily from Nato in 1966. The F-16s will be rede-ployed in Italy with most of the costs of the move to be paid by Nato infrastructure funds.

The bilateral agreement will

as public opinion is concerned what matters is that the Government will not be able to verify whether nuclear weap ons are entering Spain because it has undertaken not to ask whether this is this case. Social (CDS), Spain's liberal party which is led by former prime minister Mr Adolfo Suarez, said the renewed agree-ment appeared to contain "a

The Centro Democratico y serious contradiction over the nuclear issue." Future of US bases, Page 3

Gorbachev 'set for sweeping reforms'

The open question is why Mr Gorbachev felt it necessary to call an unwieldy central com-mittee plenum to discuss internal party reform when the ruling Politburo had already been given a mandate to work out the details.

The Soviet leader said in a speech to newspaper editors last week that the Politburo had passed a resolution which would result in substantial cuts in the central committee bureaucracy, although the axe would fail less brutally at provincial level. That already suggests a degree of compromise. However, in spite of a switch in style from passion and ebullience to grim realism, the Soviet leader has shown no sign in his public pronouncements of backing down on the

reform process.
On Wednesday he told the conservatively inclined East German leader, Mr Erich Honecker, that reform on all fronts was essential. "Any one of our current burning problems underlines the necessity

for radical change," he said. "It is needed in the party, in the state, in agriculture, in personnel policy, and most of all in people's mentality."

The two emergency meetings set off a formidable reform agenda for the next six

Constitutional reforms, including the creation of a super-parliament, transformation of the Supreme Soviet into an active standing legislature, and creation of an executive presidency, are being drafted

Mr Bond pays for another round

Almost a year since the global stock market crash was supposed to have rid the interna tional stage of highly indebted stock market operators, the Australian predators are still very much in evidence; and more so than Mr Alan Bond whose ambitions appear to be even bigger than his bor-rowings. Having underlined his faith in Standard Chartered's recovery by agreeing to under-write its rights issue, Bond Corporation is now tweaking the tail of Allied-Lyons, and it would be dangerous to under-estimate its ability to make life difficult for Britain's second

thingest for britain's section biggest brewer.

The stock market may have been hoping that someone of more substance than Mr Bond had been building up a stake in Allied. For it is hard to see how even his generous bankers would be prepared to finance a bid for a company more than seven times Bond's size. Consequently, there must be other motives for the continuing stake building. Given the growing enthusiasm for defensive share swaps among some of the better known members of the European business establishment, Mr Bond might just feel it is worth taking some pre-emptive action to defend his position before it is diluted in the interests of 1992.

in the interests of 1992.

Having established himself as one of the biggest if not the most profitable brewers in the US, Mr Bond may simply be trying to get Allied to speed up its plans to help him expand in Europe. However, this is probably being over-generous: and bly being over-generous; and there may well be other preda-tors out there who share Mr Bond's view that Allied's shares, at 11 times earnings, are not particularly expensive.

Money supply

Unless one believes that everyone was insisting on cash payment more than a week after the postmen returned to work, the latest banking returns cannot be considered encouraging. While growth in the number of notes in the sys-tem was down from the double figures in the middle of the month, last week's advance of 8.8 per cent suggests the under-lying trend in MO is still stub-hornly unwards. As MO is a bornly upwards. As MO is a concurrent indicator of economic activity, the latest rises in interest rates do not seem to be providing much relief to an overheating economy. In more ordinary times, the

Olivetti Share price ('000 Lira)

milloond market shows no one is prepared to let gilt prices fall. Given that index linked gilts yield about 4 per cent, the 9.5 per cent yield on long gilts seems to include precisely no premium for risk, assuming inflation of 5.5 per cent. The long end of the market has come to reflect less the strength or otherwise of the economy, than the Bank's purchases of gilts to redress the Government's budget surplus. Even though the Bank appears to have been a less aggressive buyer this month than over the summer, the market is not taking any chances. After all, there seems no point in pushing prices down, when all that would be achieved is to allow the Government to buy back

Olivetti For a company which has

its debt more cheaply.

just announced a 24 per cent drop in first half pre-tax profits, the appearance of change may be just as important as change itself – at least in the short term. And yesterday's news of corporate restructur-ing from Olivetti did indeed seem long on appearance and short on substance: the three newly created divisions bear a striking resemblance to operational units aiready in existence. But while the market might have been more impressed by concrete details of a retrenchment programme to help Olivetti compete in a difficult market, yesterday's grand design for a more flexible, more immovative Olivetti probably makes good long probably makes good long term sense. And the assurance that costs will indeed be cut, even if Olivetti was not saying when or by how much, seemed enough to keep the share price

there were far more buyers than sellers in the Italian market as a whole cannot have

Reorganised or not, Olivetti could well disappoint share-holders again at the end of the year with net earnings down by as much as 10 or 15 per cent - despite Mr Carlo De Benedetti's prediction that turnover will rise by at least 8½ per cent. Olivetti can scarcely be blamed for suffer-ing from the industry-wide ills of margin pressure caused by high component prices and foreign competition; but if it is to eign compension; but it it is to continue to deserve a prospective rating of 16 or 17 times earnings — a substantial premium to the average Italian market multiple — it will need to do a more than average job of dealing with these problems. In the short tarm, shareholders may wish to see speculation may wish to see speculation over strains with AT&T continue; such uncertainty may be good for a stock which could be seen as a bid target.

United Newspapers

10

One of the advantages of having a low stock market rat-ing is that disappointing fig-ures do not do much damage, and United Newspapers' pro-spective yield of over 6.5 per cent and a single figure p/e multiple meant that an unex-pected I per cent fall in earn-ings left the share price almost untouched yesterday. The immediate past at United has been marred by a mixture of bad luck and bad judgment. The move down market at the Star has cost untold millions, Extel is finding life more diffi-cult after the crash, and even the sale of the Fleet Street office seems to be taking lon-ger than might have been hoped.

However, it is not just United's rating that makes shareholders forgiving, as their eyes are firmly on the future savings to be made by cutting the newspaper workforce by two thirds. According to the company, costs will be £40m lower by 1991, equivalent to over a third of the likely profit for the entire group this year. Higher newsprint prices and increased promotional costs will take care of some of that, but leave enough to keep earnings moving up sharply for the next three years. Some would say that makes the shares a steal, but given that the big benefit to earnings has been from registering any noticeable protest – though the fact that the news came at a time when just round the corner time now, the rating be so unfair, after all. just round the corner for some time now, the rating may not

25% of the daily turnover in French government bonds is done in London.

So too is nearly 20% of the turnover in French equities.

But with the creeping deregulation of their financial markets, are the French about to get their own back?

Find out in this week's Economist.







FINANCIAL TIMES COMPANIES & MARKETS

Friday September 30 1988



Bund gets off to a good start in Liffe



Champagne-corks official launch of the new Bund futures contract on the London International Financial Futures Exchange. The new contract — the first futures contract on a

fixed income bond available anywhere — got off to a good start but the level of participation may be partially restricted by political rather than an economic constraints. Page 27

Gold Fields musters defences

Having rescued Newmont Mining from US corporate raiders last year, Consolidated Gold Fields, the UK-based mining finance house, may find itself requesting a similar gesture from the US mining group. But Newmont is only one of a host of names which brokers' analysts have looked at as possible white knights in Gold Fields' battle against the come attentions of South African-controlled Minorco. Page 31

Bets on hitting Soviet Jackpot

The Franco

brothers are betting



on hitting the jackpot in the Soviet Union. Spain's top one-arm bandit manufacturers sit down next week to negotiate exclusive gambling deals and joint ventures with the Soviets. At stake for Josquin and Jesus Franco is the chance to instal 150,000 machines in 300 hotels over the next 10 years. Tom Burns in Madrid looks at a somewhat unusual business gamble. Page 23

Indian summer for stocks

With both Indian agriculture and industrial production expected to score huge gains this year, the Bombay stock exchange is witnessing a raily fuelled largely by private investor demand. Forecasts of sharply higher profits this year, underpinned by strong rural demand push market indices to near record levels. Page 48

Mr Strawberry moves into fresh flekis



Known locally as Mr. Strawberry for his part in introducing intensive cultivation of strawberries in Spain, Mr Anto-nio Medina is now scanning the horizon for other exotic fruits and plants to grow. "Mono-culture is fatal," he

claims, as he examines the prospect of growing leafy Costa Rican ferns, a South African variety of apples that is harvested in May and June and a type of fig that grows on miniature trees. Tom Burns meets the former Seville law-yer who isn't letting the grass grow under his feet. Page 44

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Boustead Bouygues Brent Walker British Fittings CCA Publications CI Group Caird Group Clinton Cards Colroy Cons Gold Fields

Credit Lyonnais Delhaize Dixons

Goode Durrant

24. McGraw-Hill
28. Newmont Mining
32. Noranda
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31. Pittard Garnar
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Chief price changes yesterday

Change

229 + 44 Baygus
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775 - 25 Perfor

12 Historogoni 770
Hickory
11 Pulse
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14 Bodo Shutel 1150
Hackings Text

15 Bodo Shutel 1150
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807 + 17 321 + 11 570 + 31 223 + 12 217 + 39 344 + 9 262 + 18 311 + 12 LASMO
Morgan 6"tall
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Tele Heritals
Ultramat
Ward White
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Ultram3
San Life

GrandMet may sell hotels to Seibu Saison

By Lisa Wood

Continental hotel chain to Seibu Saison, the Japanese conglomerate, for about £1.35bn (\$2.28bn) gross (£1.2bn after tax.)

The hotels, the world's 17thlargest chain, were put up for sale by GrandMet in August and provoked considerable international interest. It is understood that two other businesses made offers of around the same price

as the Japanese group.

Completion of a deal with
Seibu Saison is thought to be
close, with the two sides negotiating late last night.
It is understood that as well as the deal there will also be a state-

ment of intent for joint venturing between the two groups - a strong attraction to GrandMet, strong attraction to transacts, which is seeking to build up its activities in the Far East. Seibu Saison was built up by Mr Seist Thutsumi, its president Mr Selgi Thutsumi, its president after he inherited a small department store chain from his father,

who gave his other son a private

railway company.

The conglomerate today has an annual turnover of about US\$20bn and consists of 10 main core businesses, including department stores, food manufacturing and restaurants. It owns three hotels in Japan, including Hotel Seiyo, a hixury Tokyo hotel.

The group has been aggressively seeking opportunities to

GRAND Metropolitan, the UK food, drinks and leisure group, is in negotiations to sell its Interior in the Los Angeles area, called in the Los Angeles area, called Yoshinoya, and bas forged trading agreements with several

Selbu Department stores, for example, has a joint marketing venture in Japan with Jaguar. the UK luxury car maker, Lib erty, the UK retailer and textile designer and Habitat, UK the home-furnishing group.

Mr Nicholas Pearson, a repre

sentative in London of Seibu Saison, said a deal with GrandMet would be a logical extension of Seibu Saison's hotel activities and a major move into interna-tional markets. He said that he knew nothing of reports from Japan that Seibu Salson was the principal in a Japanese syndicate bid for the chain.

The 100-strong Inter-Continental chain was acquired in 1981 for has been invested in building work and refurbishment. Grand-Met owns 19 of the hotels outright with the rest either leased, managed or under franchise. The last valuation in September 1985 gave them a book value of £600m. Profits of about £50m for the full year for the group are forecast by the City.

A purchase price of around £1.35bn gives the chain an historic p/e of 54. The one-off profit of about £500m will probably be

Maxwell increases offer for Macmillan

By Raymond Snoddy in London

MR ROBERT MAXWELL, the British publisher, last night raised the stakes in the battle for Macmillan, the US publishing bouse, by making an increased cash offer of \$90.25 a share. He has decided on a "double-barrel" approach to Macmillan putting forward an increased

offer at the same time as pursuagainst a Macmillan management "poison pill" provision. The improved offer, valuing Macmillan at over \$2.5bn, will increase pressure on the Macmilgement who earlier this

week decided to accept a cash and paper offer from Kohlberg Kravis Roberts (KKR) said to be worth \$90.05 a share. Because of the paper element the consensus view of analysts and arbitrageurs is that the KKR

offer is worth only a few cents

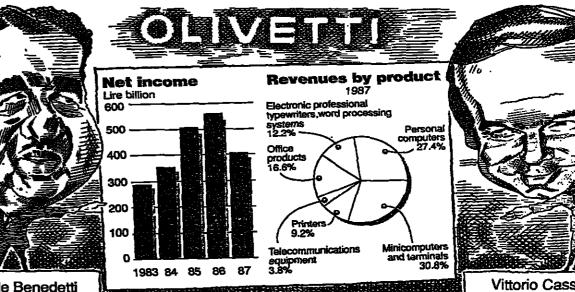
more than Mr Maxwell's previous \$89 a share offer. This is Mr Maxwell's third attempt to take over a major US publisher in the past 12 months and he is clearly becoming more

determined to succeed.
"Tm in it to win it," the British publisher and chairman of Maxwell Communication Corporation said earlier this week. Apart from arguing that his

offer is now higher than the KKR hid, he is taking legal action against a "crown jewels" lock-up agreement with KKR. Under the lock-up provision, KKR has the right to buy for \$865m four key businesses in the

Macmillan group if the takeover offer fails in the face of a higher bid or other obstacles. The four are directory division, Michie, direct marketing and Ber-





De Benedetti's key to the 1990s

Alan Friedman on the unveiling of Olivetti's far-reaching reorganisation

en years ago an aggressive Piedmontese businessman by the name of Carlo De Benedetti bought himself a minority shareholding in a lossmaking typewriter company and installed himself as group manag-

The company was called Olivetti and over the past decade Mr De Benedetti has transformed the Ivrea-based concern into the leading European-owned maker of personal computers (PCs) and one of the world's biggest and most financially sound office automation groups.

The past 12 months, however, have not been easy for Olivetti. This does not mean mistakes have been made, rather it reflects the challenges faced in a fast-changing market where US computer companies keep spawning new innovations and products. Mr De Benedetti has been justly hailed for his textbook

turnaround of the company hetween 1978 and 1983, complete with a series of hefty recapitalisation moves, investment in new technology and drastic reduc-tions in the workforce. The 1983 "alliance" with American Telephone & Telegraph (AT&T) was a shrewd move,

giant became the biggest single shareholder and opened up the vetti PCs. Today, Olivetti is a group that derives only 12 per cent of its revenues from typewriters, with larger slices of turnover coming from personal computers (27 per

which brought equity capital into Olivetti when the US telecoms

cent) and minicomputers and terminals (31 per cent). However, the world market for manufacturers of PCs and minicomputers is going through a dif-ficult phase. Margins are being squeezed by over-supply and the rising cost of electronic compo-

nents and a genuinely Darwinian shake-out is underway. The winners, say analysts, will be those companies that are able to achieve success that goes beyond the sale of hardware or software. It is not enough to do what Olivetti has done, namely to achieve Europe's biggest market-ing network for low-margin and high-volume personal computers. It is not enough to become what some analysts unkindly describe as a "seller of boxes." In future, the truly profitable survivors will be those companies which turn themselves into efficient sellers of integrated systems, complete with value-added services and high-tech solutions for business

This was the backdrop to yes-terday's unveiling of a far-reaching corporate reorganisation at Olivetti which Mr De Benedetti said was a logical consequence of the realities of the world market and an attempt to create a winning model for the 1990s.

The reorganisation, which has implications for Olivetti's command structure, top and middle-level managements and possibly its short-term profitability, follows a 24 per cent drop in first-half profits, attributed largely to the tightening margins in the information technology industry.

The Olivetti restructuring also comes against the backdrop of a pany's rapport with AT&T. Henceforth, as Mr De Benedetti has explained, while AT&T will continue to hold 21.23% of Olivetti stock, the relationship will depend upon business sense and commercial logic.

The reorganisation will see Mr Vittorio Cassoni, the whiz-kid Olivetti group managing director who was brought back from a stint at AT&T last May, presiding over a new holding company. Three separate business units

reporting to Mr Cassoni will aim to achieve cost-savings, greater efficiency, faster reaction time to the changing market and a more entrepreneurial spirit at Olivetti. These three units, which by 1990 are to become fully fledged

subsidiary companies, will be: Olivetti Office, consisting of the existing consumer products for text, data and image management (calculators, typewriters, text processors, home personal computers, cash registers, print-ers, copiers, facsimile, telex and office furniture). This division will be run by Franco Tató, the man who most recently has brought Olivetti's Triumph-Adler subsidiary in West Germany out

position.

Olivetti Systems and Networks, the data processing business grouping professional personal and minicomputers, local area networks, terminals, workstations, telecoms systems, main-frames and related software. This will be run by Luigi Mercurio, who in 1984 founded David Systems Inc, a US private tele-coms equipment maker.

of loss and into a break-even

 Olivetti Information Services, the business that seeks to generate the most value-added and service-based earnings by offering business users software, networks, voice/data services, education and training and electronic detti, brother of Carlo, will head

In addition to the three units there will also be a Technological Activities Group to manage Olivetti's investment in dozens of special technology and software

Of the 600 middle-level Olivetti managers who were briefed yes-terday morning on the plan, it is likely that a few dozen will find themselves out of a job. Olivetti said it could not quantify the

costs of the reorganisation because the main cost will be in reallocating people from one division to another.

Mr De Benedetti said that as from January 1, when the restructuring is implemented, Mr Levi would be "available to me for special projects and missions." Olivetti officials, although pressed for more details, would not comment beyond this general statement and rumours are rife that Mr Levi may eventually

Mr De Benedetti himself savs he plans to commit himself more fully to Olivetti after the "turbulent period" of his battle for Société Genéralé de Belgique last spring. The Olivetti chairman also says he is considering an increase in his shareholding in the company, which at present stands at 19.14 per cent. In Milan, Gianni Allavena, an

analyst at SIGE, the investment bank, said the restructuring "will not be easy, but it was certainly necessary." A senior analyst in New York said that the Olivetti move looked as though it was more than just cosmetic and was very much in line with the trend elsewhere in the information technology industry. The consensus view, at this early stage, is that the restructuring addresses all the right issues and will take

achieve sales of between L8.000hn (\$5.7bn) and L8,500bn and a net profit roughly in line with last vear's 1.402hm

Mr De Benedetti yesterday described the reorganisation as the start of his second decade at Olivetti and promised to stay on for another 10 years. The challenge that he and the company face now is potentially as largescale as the first Olivetti transformation he began in 1978. See Lex.

IEL profits tumble to A\$44.2m

Last October's stock markets crash and its aftermath have sharply reduced profits at Indus-trial Equity (IEL), the Australian investment arm of New Zealand

The fall was the first in several years, but much in line with forecasts in Sir Ron's special report to shareholders issued in March. It came on the back of a doubling in revenues to A\$5.7bn. These included a 140 per cent rise in non-sales revenues to A\$3.24bn. A proforma balance sheet shows marginally higher total assets of A\$6.1bn and reduced liabilities of A\$3.77bn, leaving net

assets of A\$2.83bn, up from A\$1.69bn a year earlier.
One major profit contribution

mance at Industrial Equity Pacific (IEP), which increased earnings from A\$75m to A\$125m. IEP is 51 per cent owned by IEL, and another 18 per cent is held by IEL's parent, New Zealandbased Brierley Investments.

A possible merger of Brierley Investments and IEL is under review, and Sir Ron said in his chairman's report to shareholders that, as part of this move, the future status of the investment in

IEP was under scrutiny.
In a stinging attack on what he called Australian "tax terrorism." he said there were "new and unacceptable tax imposts" which made it uncertain whether share-holders could enjoy the benefits of indirect ownership of overseas subsidiaries such as TEP. Sir Ron admitted results were

could be regarded as having a coherent growth profile for the But he called it a "clean'

Despite the profit fall, the group maintained its 20 per cent dividend, fully franked and said it did not propose any share issues at present. In another day of narrow movements on the stock market, IEL's shares fin-ished three cents higher at

entrepreneur Sir Ron Brierley's international business empire. For the year to June, IEL's after-tax operating profit was A\$442m, one-fifth of the previous year's A\$230.1m. Equity-accounted profit was A\$58m, one quarter of the 1986-87 result.

"certainly disappointing," and IEL had been "more exposed to uncontrollable external influences than was ever consciously intended." Moreover, there was "still some way to go" before IEL

result, saying it included all write-offs and losses on the sale of what he describe as "expendable" stocks, and also a substantial provision of A\$53m against the book value of a 21 per cent stake in Consolidated Explora-

He also said IEL's actual position had improved far more than the profit and loss figures reflected. Between December and June, for example, the invest-ment fluctuation provision had moved to a surplus of A\$327m from a deficit of A\$276m.

Bond lifts Allied stake to 11%

MR ALAN BOND, the Australian entrepreneur, has lifted his stake in Allied-Lyons from 7 per cent to 11.08 per cent, provoking an angry reaction from the UK food and drink group, which revealed it had been close to reaching agreement with him on a joint venture in Europe.

venture in Europe. Sir Derrick Holden-Brown, chairman of Allied said: "On April 22 when their shareholding stood at 7 per cent . . . I wrote to Mr Bond making it clear that we would regard further share purchases as unfriendly. "Since then we have instigated and brought close to conclusion proposals to form a joint venture, 60 per cent Allied and 40 per cent Bond, to acquire the ownership of certain Bond brands and to

develop a comprehensive market-

ing strategy for the whole of

Europe." Allied said it regretted that the Bond Corporation had decided to build its stake without explanation of its intentions which, it added, must now be regarded as "questionable." The joint venture would mar-ket Bond's Swan and Castle-

maine XXXX lagers, which are currently brewed and distributed under licence by Allied.

The announcement came after the close of stock market trading. Altied's shares have been buoyed over the past week by large pur-chases, with speculation that a buyer other than Bond had been in the market.

further comment to make. Bond Corporation, the world's fourth largest brewer, started to build its stake in Allied before the October stock market crash.

Allied's shares closed at 469p last night, but dropped in after hours trading to 456p. Analysts said they did not believe Bond's latest share beer market.

They estimate Allied could command a takeover price of up to £5hn (\$10.08hn) and Bond Corporation is currently digesting its acquisition in Australia of Bell Corporation, the former vehicle Corporation, the former vehicle Bond executives are currently at a scheduled group conference in Hopolulu. A statement said it i lifted its stake but it had no

The Australian brewer's brands are an important part of Allied's improved lager portfolio.

For Bond, a joint venture with Allied could be an important bridgebead into the Continental haer market.

See Lex, Page 20

Eleco Holdings plc

Another step forward

EXTRACTS FROM E	FINANCIAL ACC	COUNTS
	AUDITED YEAR ENDED 30th JUNE 1988	AUDITED YEAR ENDED 30th JUNE 1987
TURNOVER	£48.0m	£34.2m
PROFIT BEFORE TAX	£5.4m	£3.6m
EARNINGS PER SHARE	16.9p	13.2p
DIVIDEND PER SHARE	6.2p	5.5p
NET ASSETS	£33.1m	£24.2m

Earnings per share up by 28.0%

Net assets up by 36.8%

Profit before taxation up by 50.0%

Belcon House, Essex Road, Hoddesdon, Herts. EN11 0DR Telephone: (0992) 440311 Fax: (0992) 462291 Telex: 24142

The contents of this adventigement, for which the Directors of Elect Holdings pic are solely responsible, have been approved for the purposes of Section 52 or an authorised person.

INTERNATIONAL COMPANIES AND FINANCE

VW to build DM3bn car assembly plant in Spain

By Kevin Done, Motor Industry Correspondent

German automotive group, is to build a car assembly plant in Spain as part of the expan-sion of its local Seat operations.

Mr Carl Hahn, Volkswagen chairman, said the plant will have a capacity to build 1,500 cars a day, close to 350,000 units a year, and will come into operation in 1992.

The plant is to be located at Martorell, near Barcelona, and will form part of VW's DM8.5bn (\$4.5bn) spending plans for its Spanish operations over the next 10 years. Mr Dieter Ullsperger, VW finance director, said the new plant would cost close to

Mr Hahn said VW would maintain its two Spanish plants at Barcleona and Pamlona, reversing an earlier plan to close the Barcelona location. VW is developing Seat in

MCGRAW-HILL, the New York

book and magazine publisher, has bought the college and school-book division of Ran-

dom House for an undisclosed

sum, marking a further restructuring of US publishing. Mr Joseph Dionne, chair-man, said McGraw-Hill was

attracted to the acquisition by

forecasts of strong growth in the education market, a key

sector for the company.

VOLKSWAGEN, the West car production centre. It acquired a 75 per cent stake in the Spanish car producer in two stages in 1986, and will move to 100 per cent control by

> The new production capacity will be added to output of around 450,000 units a year, said Mr Hahn, of which Seat models account for some 350,000 and local assembly of the VW Polo around 100,000.

He said the group aimed to increase Seat sales to more than 500,000 units "in the foreseeable future" and the bal-ance of the Spanish production would be used to assemble VW

VW had considered completely transferring assembly of its Polo small car to Spain from West Germany, but has postponed such a step in the face of opposition from the German trades unions. The group is assembling some 500 Polos a day at Pam-

At the same time, the com-

pany was continuing to divest itself of peripheral businesses

such as general books and its training division. Several ana-

lysts suggested the deal might

McGraw-Hill has been a rumoured takeover candidate

for more than two years. It has

yet to attract a concrete offer although many of its competi-

be worth more than \$100m.

McGraw-Hill education deal

Marriott earnings up in third quarter

By Deborah Hargreaves in New York

850-900 units a day capacity. MARRICTT, the US hotels and As part of the financing of food service group, yesterday reported a 19 per cent rise in its Spanish plans. VW has switched into pesetas some \$120m of a DM800m bond with third-quarter earnings after a strong performance in all of warrants it issued last week. its three main divisions.

plona or 115,000 cars a year, but the plant is working at lit-

tle more than 50 per cent of its

Following the sale by the

its 20 per cent stake in VW, the

company has begun to widen

its presence in international

VW shares will be listed in

both London and Paris this week, and Mr Ullsperger said they should also be quoted in

Tokyo by November/December.

Since July the company has also had a sponsored unlisted

ADR programme in the US, but Mr Hahn said a stock exchange

listing in New York was cur

rently ruled out because of the "substantial extra burden" of

complying with US reporting

fierce fights for independence.

To try to fend off raiders, McGraw-Hill has managed to wring some improvement out

of lagging business sectors, such as its book division. More-over, BusinessWeek, its lead-

ing magazine, has held up better through a decline in financial advertising than many of its competitors.

It has also disposed of fringe

Earnings per share rose to 50 cents from 42 cents in the West German Government of same period last year, with net income up to \$58.2m from

The net income figure was affected by higher interest expenses in connection with the company's share repurchase programme, which it launched this year.

Third-quarter sales rose 12 per cent, to \$1.67bn from

Mr J.W.Marriott, the company's chairman and president, said he continued to expect "solid gains for the bal-ance of the year." Marriott is carrying out an aggressive expansion of its hotel chain involving the addition of 87 new hotels in the last year. In the first nine months of this year, the company posted a strong gain in its per share

a strong gain in its per snare income to \$1.29 from \$1.17 in the same 1987 period, with net income increasing 4 per cent to \$167.5m from \$161.3m. Net income will continue to be slightly diluted by the company's share buy-back plan.

under which it expects to purchase 20m shares by end-1988. Sales for the nine months rose to \$5bn from \$4.4bn in the corresponding 1987 period. Marriott's share price was unchanged yesterday at \$30%.

Roche to sell US cancer drug in Europe

DU PONT is to spend \$25m building a commercial-scale plant to make substitute chemicals for the chlorofinorocar-bons suspected of damaging the ozone layer, writes Peter

The company said earlier

this year it was phasing out its production of the chemicals in response to fears about their environmental effects.

Goodyear keeps grip on top spot

John Griffiths on a US group's plans to fend off 'Japan Inc' almost certainly with the hope that it will be at Goodyear's expense.

plants – numbering more than 80 worldwide – as it moves away from a vertically inte-

largest tyre maker, plans to reduce its 35h-plus debt burden sharpiy by the end of next year and is well on target to do so, according to Mr Robert Mercer, its

chairman.

He predicts the heavy debt load the company is still carry-ing, from spending \$2.50n to fend off a hostile takeover attempt led by Sir James Goldsmith, would be reduced to 50 per cent of capital by the end of next year.

That compares with 67 per cent now and 82 per cent in the immediate aftermath of the Goldsmith "raid" two years ago, of which Mr Mercer, 64, still speaks with controlled

Even at 50 per cent, Good-year's indebtedness would still be well above its customary pre-raid levels.

"Fifty per cent is still high; we traditionally think in terms of 35," said Mr Mercer during a stop-over in London to meet investors. "But I'm not sure that the old measurements are appropriate any more. Our competitors carry high debt-to-equity ratios and it doesn't seem to be troublesome to

A greater concern now is to maintain and increase the capital investment and research and development levels it regards as necessary to pre-serve its world "number one" status in the face of mounting competion.

Goodyear, based in Akron, Ohio, made a record net profit of \$770.9m last year on net sales of \$9.9bn, up sharply from \$124.1m on a \$9.04bn turnover a year earlier, although nearly \$260m of this was accounted

F. HOFFMANN-La Roche, the



Robert Mercer: tackling \$3bn-plus debt burden

In the first half of this year sales are ahead by a further 10.9 per cent, although profits were less than hoped at

Research and development spending is in excess of \$270m in the current year, and Mr Mercer makes clear that Goodyear has no option but to main-tain high investment levels if it is to ward off the challenge to its world-leading position. This challenge has emerged this year in the form of the takeover by Bridgestone of Japan of Firestone of the US, as well as a longer-standing one from

Michelin of France .

And while he insists that the takeover of Firestone has not provided Bridgestone with "one bit of extra capacity" requiring Bridgestone to cut Firestone tyre output if it wants to build up Bridgestone's own name in the US he acknowledges that Bridge-stone in the end will be seeking to increase capacity,

In North America at least, Bridgestone would be helped in this respect by its favourable position with Japanese "trans-plant" vehicle manufacturing operations in the US, from which 1.5m cars and vans a year are expected to flow by

the end of the decade.

Like other aspects of "Japan Inc," suggests Mr Mercer, Bridgestone is after "world domina-tion" of the tyre industry. However, "we will not yield number one as long as we keep our research and development ed. Technologically, we've

got a head start on them". Reminded that Bridgestone cored a major publicity coup for its technology when Por-sche made it the sole supplier for its near-200mph 959 model. Mr Mercer declares that "it was most the most expensive supply contract ever for Bridgestone - technically they simply can't do it across the

entral to Goodyear's debt reduction strategy however, is the sale of the 1,250-mile trans-America oil pipeline it built as part of its diversification strategy.

Goodyear has held preliminary talks with a consortium on its sale, but Mr Mercer is

unforthcoming about its identity. However, he insists that the sale — Goodyear is asking \$1.4bn - should go ahead within the time frame to meet next year's debt reduction tar-

The pipeline sale plans are running parallel with cost-cut-ting and productivity measures

grated structure in favour of developing horizontally two separate global business: tyres and general products.

patting the necessary structures into place is well advanced. Both divisions are being given sub-stantial amounts of autonomy in order to adapt the operations of the tyre division, in particular, to suit the rapid globalisation of the vehicle industry which it supplies.

Currently, Goodyear is in the middle of a two-month programme to streamline its managerial operations in the US.
"We're taking out a tier of
vice-presidents and other
senior managers as part of the
shift to the global, horizontal structure," says Mr Mercer.
At lower levels, the worst of
the post-Goldsmith cutbacks
may be over - following a fall in total employment from 150,000 to 115,000 - for lack of

demand is said to be not one of Goodysar's problems.

Manufacturing efficiency has been improved to the point where only 10 man-minutes are needed to make a typical tyre in a Goodyear plant in the US, compared with 30-40 minutes in many other non-Goodyear

plants, says Mr Mercer.

And through using existing capacity much more intensively, involving wholesale moves to seven-day, multi-shift working, Goodyear claims to have got its unit cost down to a lower level than in South Kores, "despite a US worker needing to be paid \$18 an hour compared with \$3 an hour for a South Korean."

TVX to start work on Chile gold mine

TVX, a Canadian-owned company based in Rio de Janeiro, is soon to begin work-ing a \$200m Chilean gold mine

which it says contains 5m ounces of gold. Mr Ian Trelford, a senior TVX executive, said the La Colpa mine will come on stream next January and should produce 100,000 ounces

nent mining executive.

mine's second phase expansion

is complete.

Mr Trelford said he and other Canadian investors created TVX five years ago to "join the Brazilian gold rush."
It now has minority stakes in

Mr Batista and TVX, which Output is planned to increase to 500,000 ounces a year after 1991, when the January 1987 for \$30m, have

become increasingly interested

TVX has financed its activities with bank lending and \$150m of equity raised on the Toronto Stock Exchange and through debt swap operations. The \$160m second phase expansion of La Coipa will be Its Brazilian partner is Mr Ielke Batista, son of a promifinanced through an exchange of Chilean debt for TVX debt. The company lost money until 1987, when it broke even It forecasts a \$10m profit this year, rising to \$40m in 1991.

Du Pont to build \$25m Texas plant

The plant, in Corpus Christi, Texas, will produce HFC-134a, an alternative to a chlorofinorocarbon called CFC-12 which is used in refrigeration

By Peter Marsh

Swiss pharmaceutical company, yesterday announced an agreement under which it will sell in Europe a new US-developed drug that could have a big impact in treating cancer.

The agreement is with

Amgen, a US biotechnology company that has developed Neupogen, a medication based on a naturally occurring hormone which can strengthen the immune system by stimulating the production of white blood cells.

Scientists believe drugs like Neupogen, which is in the late stages of trials on patients, may have a role in helping the body to fight bacterial infec-tions which commonly are associated with some forms of

Amgen and Roche hope to apply next year for product licences to sell the product, in the US and Europe respectively. Under the normal procedures for licensing medica-tions, the formulation could be expected to go on sale in the

Ms Sarah Gordon, an analyst at Hambrecht & Quist, a New York bank, said Neupogen could be a significant product with annual sales of up to \$400m by the mid-1990s.

Several rival pharmaceutical companies are developing. drugs similar to Neupogen.

1. 14 Sept. 17 19 14

called Granulocyte Colony Stimulating Factor (GCSF). Of these companies, Chugai of Japan is thought to be the nearest apart from Amgen in putting its product on general

Roche said yesterday it did not want to elaborate on the terms of the agreement with Amgen. It said Neupogen was an interesting product and a "fantastic opportunity."



FURUKAWA CO., LTD.

U.S. \$100,000,000

51/8 per cent. Guaranteed Notes 1992

Warrants

to subscribe for shares of common stock of Furukawa Co., Ltd. The Notes will be unconditionally and irrevocably guaranteed by

The Dai-Ichi Kangyo Bank, Limited

Issue Price 100 per cent.

Yamaichi International (Europe) Limited

DKB International Limited

Nomura International Limited Credit Suisse First Boston Limited

IBJ International Limited

Bankers Trust International Limited Banque Paribas Capital Markets Limited

Bayerische Vereinsbank Aktiengesellschaft Dai-ichi Europe Limited Goldman Sachs International Corp.

KOKUSAI Europe Limited Merrill Lynch International & Co.

Morgan Stanley International Nippon Kangyo Kakumaru (Europe) Limited

J. Henry Schroder Wagg & Co. Limited Taiheiyo Europe Limited

ANZ Merchant Bank Limited

Chuo Trust International Limited Daiwa Bank (Capital Management) Limited

Kleinwort Benson Limited

LTCB International Limited Morgan Grenfell Securities Limited

New Japan Securities Europe Limited Norinchukin International Limited

> Swiss Volksbank Tokai International Limited

Westdeutsche Landesbank Girozentrale



AIBD Reporting Requirements

United Kingdom-based members of AIBD will have to report all transactions in international securities to the Association from April 3, 1989, AIBD reporting dealers and inter-dealer brokers will have to report transactions with professional counterparties from January 3, 1989.

> On October 1, 1988 new AIBD rules will come into effect that impose reporting requirements on members of the AIBD which carry on investment business in the United Kingdom and who are subject to a requirement to report transactions in international securities under rules made pursuant to, or by any self-regulatory organization recognized under, the Financial Services

Members falling in that category must subscribe to the AIBD Trax system for the purposes of transaction matching and must report to the AIBD every transaction in international securities, whether or not entered into with a member of the AIBD.

AIBD reporting dealers must, from January 3, 1989, report via Trax every transaction in international securities entered into with another reporting dealer or an inter-dealer broker. Inter-dealer brokers must from the same date report all transactions in such securities with reporting dealers.

Details of the rules will be mailed to members early October, 1988.

It is imperative that members affected by the new rules have appropriate resources in place to connect to Trax by the dates applying to them. For further information on Trax members are asked to contact AIBD (Systems and Information) Limited in London on 538 5656.

Secretary General



INTERNATIONAL COMPANIES AND FINANCE

Spanish one-arm bandit on Soviet jackpot trail

Tom Burns looks at an odd business gamble

hen Spain's top one-arm bandit manufac-turer sits down next tion in Moscow as "the man week to talk exclusive gambi-who will install 150,000 ing deals and joint ventures with semior Soviet officials he might well reflect on how the long road to Moscow, and to a view as an obvious possibility

his younger brother, Jesus, first heard the clatter of a pin-ball's flippers and the jingle of a beckoning fruit machine in the early 1960s when he was a barman at the USAF base of Toxrejon de Ardoz, near Mad-

Franco junior, who was then a migrant worker in West Ger-many and had acquired some mechanical skills, was summoned home by his elder brother and the two set about building for Spaniards the games the Americans played. Twenty-five years on the Franco brothers are poised to build them for perestroika punters. Mr Joaquin Franco has discovered that the Soviet authorities "are in a real hurry for our machines."

Next week's talks in Moscow are the follow-up to a success-ful pilot scheme that involved the installation in August of gaming rooms with 50 Recreativos Franco machines at Moscow's Intourist and Kosmos hotels and at a further

two in Yalta.

The machines swallow up counters worth 25 US cents

suggesting a meeting had been posted to him the previous day.

The Soviets had done their which can only be bought with foreign currency and they have a \$4,000 jackpot. Mr Franco will not reveal how much he is willing to invest in the Soviet Union nor what he expects to make but he does say he is very satisfied with the experi-

in Eurok

He estimates that average daily earnings per machine in the Soviet Union have been \$33 after paying out 80 per cent of what is gambled. The aim now is to create similar 50-machine gambling saloons in some 300 hotels in the Soviet Union and

By Wong Sulong in Kuala Lumpur

government capital issues com-

mittee for a listing on the Kuala Lumpur Stock

RASHID HUSSKIN Securities, the largest of the 50-odd Malaysian stockbroking firms, has received approval from the stockbroking firms.

It intends to do so early next lic to bring its paid-up capital under year, and will be the first to 60m ringgit (US\$22.5m). issues stockbroking firm in South- The shares, with a par value years.

with saint Soviet Officials he wise and to Moscow, and to a jackpot of roubles, started at a US military base.

Mr Joaquin Franco, who owns Recreatives Franco with pinkall machines, and to roughly break the france of fruit machines, pinkall machines and the soviet Union their range of fruit machines, pinkall machines and the soviet of t games. The Soviet break-though was the result of an allegedly heated but always utterly confidential selection process among as many as 40 international gaming machine

manufacturers. No tender was announced and those in the running for the Moscow connection did not even know that their business was being scrutinised.

r Franco had been tipped off in May that Moscow might be ready to lift bans on fruit machines. His informant was an acquaintance who had been sent to grow up in the Soviet Union during the Spanish Civil War, had later returned to Spain and has since travelled

frequently to Moscow.

When Mr Franco rang up the Soviet Embassy in Madrid, introduced himself as Spain's premier fruit machine builder and operator and asked to speak to the commercial attache, he was quickly put through and told that a letter

homework. They knew that Recreativos Franco had some 25,000 fruit machines operating up and down Spain, mostly in bars, and that it manufactured 480 machines a day. The company's products have earned the backhanded compliment of being the most copied and parated machines on the Span-ish market.

The strength of the company lies partly in its research and development team, which is constantly devising new ways of encouraging people to part with their money. Mr Franco that will only be the start believes that fruit machines
Last month Mr Franco was are "like pop records" in as far

as they are played incessantly at the begining and soon grow

Recreativos machines have a three-month lifespan and are then redesigned to incorporate different

gles. he other cornerstone of the business is the joint-venture system that Recreativos Franco has created with small operators all over Spain. The mainstream company has more than 200 subsidiaries and each of these is essentially a franchising deal

is essentially a franchising deal between the Franco brothers, who supply the machine, and the man on the spot, who installs it in the bars of his area and controls the takings.

Clearly the Soviet investigators had liked what they saw of Recreativos Franco. In late June, by this time in Moscow, Mr Franco was asked by officials of the Foreign Tourism cials of the Foreign Tourism Committee how long he would take to create the four experimental gaming rooms.
The Spanish entrepreneur

said two months and promised that everything would be ready by August 20. "We had to build the machines, transport them to Moscow and Yalta and decorate the gaming rooms. We took mechanics, painters, carpenters, everything and everybody," says Mr Franco.

The gambling saloons opened on time. The speed of delivery impressed the Soviet eartheafting.

authorities. As they sit down now to negotiate further ven-tures with Mr Franco they will also discover that he is a tenacious man who drives hard bargains because he has come up the tough way.

As a teenager, before he began work at the Torrejon air base, Mr Franco escaped from subsistence living in his home village in La Mancha by walking for two days and one night to Madrid and to a job scrub-hing floors in a rundown bar. The bar still stands but looks more prosperous — it has two gleaming "Baby Bombo" fruit machines, compliments of Recreativos Franco.

The company is owned by Mr Abdul Rashid Hussein, with

65 per cent, Mr Chua Ma Yu, 30

per cent, and Mr Tajul Ariffin Mohamad Tahir 5 per cent.

underwriting of 25 public share

The firm has participated in

Malaysian stockbroker to get listing of one ringgit, are expected to be priced at 1.25 ringgit each.

improved performance in 1989 because of lower interest costs following divestments, a better New Zealand outlook and the abatement of margarine discounting in Australia. The group recommended a

final dividend of six cents for issues during the past three | a total of 11 cents, up from an

Equity earnings help lift Goodman

in Sydney

THE OPERATING profits of Goodman Fielder Wattie, the Australasian food giant, have been hurt by poor trading con-ditions and heavy interest expenses, the group's latest results showed yesterday.

But stronger equity earnings contributions from its investments, including Ranks Hovis McDougall of the UK, compensated for the setback and brought an overall profit improvement on 1986-87.
In reporting its figures for the year ended June, the group

reaffirmed it was seeking offers for its 29.9 per cent holding in RHM, having called off its £1.6bn (\$2.69bn) take-over bid last month when it was referred to the Monopolies and Mergers Commission.

The figures, which include eight months of trading results from the merger with Wattie Industries, showed an operating profit after tax and interest of A\$103m (US\$81m), up a paltry 7.3 per cent on the previous year's A\$96m. Equity-accounted, however,

the figure was A\$200.3m, up 42 per cent from A\$141m. Apart from RHM, the main contribution came from the investment in Elders IXI., held through a joint venture with investment group AFP. The increased holding costs

on these investments meant the burden of interest expenses more than doubled to A\$185m from A\$89.5m. As a result profit before interest and tax, which had improved to A\$292m, stood at A\$107m after interest, down on the 1986-87 level of A\$128.5m.

On top of this, the group suf-fered extraordinary losses of A\$60.6m, mainly comprising the group's equity share of an extraordinary write-down of assets by Wattle prior to its merger with Goodman Fielder. Sales and other revenues, on the other hand, showed a strong 33.5 per cent rise reve-mes to A\$2.31bn.

In a statement accompanying the figures, the group said trading profits were lower than expected because of the recession in New Zealand, the lack of competitiveness of the New Zealand meat industry and price discounting in the Australian margarine market.

But it forecast a generally

French chief to take over at Air Afrique

AFRIQUE, multinational carrier owned by 10 west, central and Francophone African states, is to be handed over to French man-agement next month, according to officials of the airline in

Abidjan. Executives at the company's adquarters indicated that the director-generalship of the ailing company will go to Mr Yves Roland-Billecart, cur-rently head of the Caisse Central de Co-operation Economique, the French Government's

international aid agency. A change of management has been expected since last CFA Fr143bn in 1985 to August, when heads of state at CFA Fr121bn (\$378m) in 1987. a regional summit meeting in in 1985 Air Afrique made a Cotonou agreed to replace profit of CFA F1882m. In 1986 Congo's Mr Auxence Ickonga.

the Air Afrique's present director-ned by general, with an outsider less susceptible to regional political

Details of its listing propos-

als are still sketchy, but it is believed the firm will be issu-

ing 25m new shares to the pub-

Mr Ickonga's three-year stewardship of Air Afrique has coincided with a deterioration in financial management that has brought the company to the verge of collapse.

Severely undercapitalised, it has been hard hit by its member states' failure to honour

both pledged capital increases and arrears for payments on tickets issued to government

Westpac Banking Corporation

In accordance with the terms and conditions of the Notes, notice is hereby given that for the Interest Period from 30th September 1988 to 30th March, 1989 the Notes will carry an Interest Rate

of 8.9625 per cent. per annum. The Interest Amount payable on

US\$450.61 for each Note of US\$10,000 and US\$11,265.36 for

Morgan Guaranty Trust Company of New York Agent Bank.

the Interest Payment Date which will be 30th March, 1989 is

(Incorporated with limited liability in the State of New South Wales, Australia)

US.\$500,000,000 Perpetual Capital Floating

operational deficits of CFA Fr2.6bn and CFA Fr7bn Overdrafts from creditors failure of that plan. The have until now allowed Air French administrator now Afrique to sustain its accumulated deficit of CFA Frishn. Commercial banks, however, are now calling in their loans and Coface, the French export credit insurance agency, has warned suppliers against credit arrangements with the

company. Because of the deteriorating situation, regional heads of state agreed 18 months ago on a rescue plan for Air Afrique. It included cuts in salaries and personnel, the clearing of debts, and an increase in a cap-ital base that is currently less than two-thirds of accumulated

Mr Roland-Billecart's expected appointment indicates a promises to raise CFA Fr33bn to bail out the company. Likely sources of funds include French development aid and loans from the African Devel-opment Bank.

It is expected that in the near future regional heads of state and transport ministers will relinquish their policymaking and management posts in Air Afrique. No announcement as to an outside replacement team has yet been made, but negotiations have taken place with both Air France and UTA, the private French car-rier that has a 20 per cent share in Air Afrique.

> BANCO DI ROMA US\$150,000,000

Floating Rate Depository Receipts due 1992

Notice is hereby given that the Rate of Interest relating to the above issue has been fixed at 8.3375 per cent for the period 30th September 1982 to 31st. October 1988. Interest psyable on 31st October 1988 will amount to US\$73.52 per US\$10,000 Deposit and US\$1,837.93 per US\$250,000 Deposit Deposit.

Agent Busic Morgan Gouranty Trust Company of New York London

U.S. \$100,000,000 National Bank of Detroit Floating Rate Subordinated Capital Notes due 1996

Notice is hereby given that in respect of the Interest Period from September 30, 1988 to December 30, 1988 the Notes will carry an Interest Rate of 846% per amum. The coupon amount payable on December 30, 1988 will be U.S. \$218.02 per U.S. \$10,000 Note.

By: The Chase Manbattus Senk, N.A. Losson, Agent Bank September 30, 1988

U.S. \$500,000,000 CITICORPO

each Note of US.\$250,000.

Subordinated Floating Rate Notes Due January 30, 1998 Notice is hereby given that the Rate of Interest has been fixed at 8.5125% and that the interest payable on the relevant Interest Payment Date October 31, 1988 against Coupon No. 33 in respect of US\$10,000 nominal of the Notes will be US\$73.30.

September 30, 1988, London By: Critbank, N.A. (CSSI Dept.), Agent Bank CITICORPO

U.S. \$500,000,000

Subordinated Floating Rate Notes

Due October 25, 2005

Notice is hereby given that the Rate of Interest has been found at 8.5375% and that the interest payable on the relevant Interest Payment Date October 31, 1988 against Caupon No. 36 in respect of US\$10,000 nominal of the Notes will be US\$73.52.

September 30, 1988 Insulan September 30, 1988, London By: Citibank, N.A. (CSSI Dept.), Agent Bank

to the holders of the outstanding

Notices

FF 495,000,000 5% Equity Notes Due 2003

Yves Saint Laurent S.A.

and to the holders of the Warrants of

Yves Saint Laurent Parfums S.A. (formerly Yves Saint Laurent International S.A.)

to subscribe ordinary shares of

Yves Saint Laurent S.A.

For the attention of Noteholders and of Warrantholders

Under the terms of the Trust Dead constituting the above Equity Notes of Yves Saint Laurent S.A. ("YSL"), and of the Dead Poli constituting the above Warrants of Yves Saint Laurent Parlums S.A. ("Parlums"), YSL is obliged to use its best endeavours to procure a listing for its Ordinary Shares on the second marché of the Parls Stock Exchange not later than 30th November, 1988 (under the Trust Deed) or 29th December, 1989 (under the Deed Poli). The Trust Deed also requires YSL to use its best endeavours to procure that a listing for its shares on the cole officielle of the Parls Stock Exchange will

YSL is proposing to postpone the latest date for the listing of its shares on the second marché to 15th November, 1993, with the listing on the cote officielle to be granted as soon as practicable after the listing on the second marché.

YSL is offering Noteholders additional "put" options to require repayment of Notes in cash at 107% of their nominal amount on 2nd January, 1989 (such option being exercisable between 23rd November, 1988 and 8th December, 1988, both dates inclusive), or at 118% of their nominal amount on 2nd January, 1992 (such option being exercisable between 15th and 30th November, 1991, both dates inclusive). The option for repayment on 2nd January, 1992 will not be exercisable if YSLs shares are listed on the second marché of the Paris Stock Exchange by 15th November, 1991.

YSL also proposes to surrender its existing option to repay in cash (rather than YSL shares) any Note deposited for repayment on or after 2nd January, YSL is accordingly convening a Meeting of the Noteholders and YSL and Parlums are convening a Meeting of the Warrantholders by the Notices below to request their agreement by Extraordinary Resolutions to the proposals set out above.

Full details of the background to, and the reasons for, the proposed modifications and the Extraordinary Resolutions are contained in an Explanatory Letter prepared by YSL and Parfums dated 30th September, 1988, copies of which are aveilable for collection by Noteholders and Warrantholders at the offices of the Paying and Warrant Agents specified below. The Explanatory Letter also contains (inter alia) the form of the Conditions of the Notes as to Redemption and Purchase as they will be if the Extraordinary Resolution of Noteholders is passed together with the financial statement of YSL for the year ended 31st December, 1987. YSL is hosting an investor information meeting in Paris on 14th October, 1988 at 2nd Floor, 7, Avenue Georges V, 75008 Paris at 11.00am.

For the attention of Noteholders **NOTICE OF MEETING**

Notice is hereby given to the holders (the "Noteholders") of the outstanding FF 495,000,000 5% Equity Notes Due 2003 (the "Notes") of Yves Saint Laurent S.A. ("YSL") which are constituted by a Trust Deed (the "Trust Deed") dated 20th November, 1987 between YSL and The Law Debenture Trust Corporation p.l.c. (the "Trustee") that a Meeting of the Noteholders convened by YSL will be held at Grindall House, 25, Newgate Street, London EC1A 7LH on 24th October, 1988 at 12.00 noon (London time) for the purpose of considering and, it thought fit, passing the following Extraordinary Resolution:

"That this Meeting of the holders of the outstanding FF 495,000,000 5% Equity Notes Due 2003 (the "Notes") of Yves Saint Laurent S.A. ("YSL") constituted by the Trust Deed dated 20th November, 1987 (the "Trust Deed") made between YSL and The Law Debenture Trust Corporation p.l.c. (the "Trustee") as trustee for the holders of the Notes (the "Noteholders") hereby:-

(1) assents (subject to the conditions contained in the Explanatory Letter dated 30th September, 1988, a copy of which has been initialled for the purposes of identification by the Chairman of the Meeting) to the modification of the Terms and Conditions of the Notes as printed on the reverse of them and in Schedule 1 to the Trust Deed and to the provisions of the Trust Deed (a) by the deletion from Clause 7(xix) of the Trust Deed and from Condition 8(iv) of "30th November, 1988" and its replacement by "15th November, 1993", and the deletion of "and in any event not later than 31st October, 1992", and (b) by the replacement of Condition 4 by a new Condition 4 in the form set out in the draft Supplemental Trust Deed produced to

this Meeting (a copy of which has been initialled for identification by the Chairman of the Meeting).

(2) senctions every abrogation, modification, compromise or arrangement in respect of the rights of the Noteholders and the holders of the coupons relating to the Notes against YSL involved in or resulting from the modifications referred to in paragraph 1 of this Resolution; and

(3) authorises and requests the Trustee to concur in the modifications referred to in paragraph 1 of this Resolution and, in order to give effect to them, forthwith to execute a Supplemental Trust Deed in the form of the said draft produced to this Meeting with such amendments (if any) to it as the

The attention of Noteholders is particularly drawn to the quorum required for the Meeting and for an adjourned Meeting which is set out in paragraph 2 of "Voting and Quorum" below.

Copies of the Trust Deed (including the Terms and Conditions of the Notes) and the draft Supplemental Trust Deed referred to in the Extraordinary Resolution set out above are available for inspection by Noteholders at the specified offices of the Paying Agents set out below. In accordance with normal practice the Trustee expresses no opinion on the merits of the proposed modifications but has authorised it to be stated that it has no objection to the Extraordinary Resolution being submitted to the Noteholders for their consideration.

1. A Noteholder wishing to attend and vote at the Meeting in person must produce at the Meeting either the Note(s), or a valid voting certificate or valid voting certificates issued by a Paying Agent relating to the Note(s) in respect of which he wishes to vote. A Noteholder not wishing to attend and vote at the Meeting in person may either deliver his Note(s) or voting certificate(s) to the person whom he wishes to attend on his behalf or give voting instructions (on a voting instruction form obtainable from the specified offices of the Paying Agents set out below) instructing a Paying Agent to appoint a proxy to attend and vote at the Meeting in accordance with his instructions.

Notes may be deposited with any Paying Agent or (to the satisfaction of such Paying Agent) held to its order or under its control by CEDEL S.A. or the Operator of the Euro-clear System or any other person approved by it, not later than 48 hours before the time appointed for holding the Meeting (or, if applicable, any adjournment of such Meeting), for the purposes of obtaining voting certificates or giving voting instructions in respect of the Meeting. Notes so deposited or held will not be released until the first to occur of the conclusion of the Meeting (or, if applicable, any adjournment of such Meeting) and the surrender of the voting certificate(s) or, not less than 48 hours before the time for which the Meeting (or, if applicable, any adjournment of such Meeting) is convened, the voting instruction receipt(s) issued in respect thereof.

2. The quorum required at the Meeting is two or more persons present in person holding Notes or voting certificates or being proxies and holding or representing in aggregate not less than two-thirds in principal amount of the Notes for the time being outstanding (as defined in the Trust Deed). If within 30 minutes from the time appointed for the Meeting a quorum is not present the Meeting shall stand adjourned to the same time and place on 14th November, 1988. At such adjourned Meeting the quorum shall be two or more persons present in person holding Notes or voting certificates or being proxies and holding or representing in the aggregate not less than one third in principal amount of the Notes for the time being outstanding.

a. Every question submitted to the Meeting will be decided on a show of hands unless a poll is duly demanded by the Chairman of the Meeting or by one or more persons holding one or more Notes or voting certificates or being proxies and holding or representing in the aggregate not less than two per cent in principal amount of the Notes then outstanding. On a show of hands every person who is present in person and produces a Note or voting certificate or is a proxy shall have one vote. On a poll every person who is so present shall have one vote in respect of each FF 1,000 principal amount of Notes so produced or represented by the voting certificates so produced or in respect of which he is a proxy.

4. To be passed, the Extraordinary Resolution requires a majority in favour consisting of not less than three-quarters of the votes cast. If passed, the Extraordinary Resolution will be binding on all the Noteholders, whether or not present at such Meeting, and upon all the holders of the Coupons

30th September, 1988

For the attention of Warrantholders NOTICE OF MEETING

Notice is hereby given to the holders of the Warrants (the "Warrants") to subscribe Ordinary Shares of Yves Seint Laurent S.A. ("YSL") issued by Yves Saint Laurent Parlums S.A. ("Parlums") and constituted by an instrument by way of deed poli dated 29th December, 1986 entered into by Parlums and YSL as amended by a supplemental instrument by way of deed poli dated 29th October, 1987 that a Meeting of the holders of such Warrants convened by Parlums and YSL will be held at Grindall House, 25 Newgate Street, London EC1A 7LH on 24th October, 1988 at 12.15 p.m. (London time) (or as soon thereafter as the Meeting of Noteholders referred to above has been completed or adjourned) for the purpose of considering and, if thought fit, passing

Extraordinary Resolution

That this Meeting of the holders of the Warrants (the "Warrants") to subscribe Ordinary Shares of Yves Saint Laurent S.A. ("YSL") issued by Yves Saint Laurent Parlums S.A. ("Parlums") and constituted by an instrument by way of deed poil dated 29th December, 1986 entered into by Parlums and YSL as amended by a supplemental instrument by way of deed poil dated 28th October, 1987 (together the "Instrument") hereby:-

(1) assents to the modification of Condition 4(b) of the Warrants as printed on the reverse of them and in Schedule 1 to the instrument and Clause 3(A)(x) of the instrument by the deletion of "29th December, 1989" and its replacement by "15th November, 1993".

(2) sanctions every abrogation, modification, compromise or arrangement in respect of the rights of the Warrantholders against Parlums and YSL involved in or resulting from the modifications referred to in paragraph 1 of this Resolution; and (3) approves the execution by Paritums and YSL of the Second Supplemental Instrument in the form of the draft produced to this Meeting and for the purposes of Identification Initialled by the Chairman of the Meeting".

The attention of Warrantholders is particularly drawn to the quorum required for the meeting and for an adjourned meeting which is set out in paragraph 2 of "Voting and Quorum" below.

Copies of the instrument (including the Terms and Conditions of the Warrants) and the draft Second Supplemental instrument referred to in the Extraordinary Resolution set out above are available for inspection by Warrantholders at the specified offices of the Warrant Agents set out below. Voting and Quarum 1. A Warrantholder wishing to attend and vote at the Meeting in person must produce at the meeting either the Warrant(s), or a valid voting certificate or valid voting certificates issued by a Warrant Agent relating to the Warrant(s) in respect of which he wishes to vote.

A Warrantholder not wishing to attend and vote at the Meeting in person may either deliver his Warrant(s) or voting certificate(s) to the person whom he wishes to attend on his behalf or give voting instructions (on a voting instruction form available from the specified offices of the Warrant Agents set out below) instructing a Warrant Agent to appoint a proxy to attend and vote at the Meeting in accordance with his instructions.

Warrants may be deposited with any Warrant Agent or (to the satisfaction of such Warrant Agent) held to its order or under its control by CEDEL S.A. or warrants may be deposited what any warrant Agent of the tree satisfaction of such warrant Agent) need to its order or under its control by CEDEL S.A. or the Operator of the Euro-clear System or any other person approved by it, not later than 48 hours before the time appointed for holding the Meeting), for the purpose of obtaining voting certificates or giving voting instructions in respect of the Meeting. Warrants so deposited or held will not be released until the first to occur of the conclusion of the Meeting (or, if applicable, any adjournment of such Meeting) and the surrender of the voting certificate(s) or, not less than 48 hours before the time for which the Meeting (or, if applicable, any adjournment of such Meeting) is convened, the voting instruction receipt(s) issued in respect thereof.

2. The quorum required at the Meeting is two or more persons present holding Warrants or voting certificates or being proxies and holding or representing in the aggregate not less than 75 per cent of such Warrants for the time being remaining unexercised. If within half an hour from the time appointed for the Meeting a quorum is not present the Meeting shall stand adjourned to the same time and place on 14th November, 1988. At such adjourned Meeting the quorum shall be two or more persons present holding Warrants or voting certificates or being proxies and holding or reprise the aggregate over 50 per cent of such Warrants so held or represented.

in the aggregate over 50 per cent or such warrants so held or represented.

3. Every question submitted to the Meeting will be decided on a show of hands unless a poll is duty demanded by the Chairman of the Meeting or by one or more persons holding one or more Warrants or voting certificates or being proxies and holding or representing in the aggregate not less than two per cent of the Warrants then remaining unexercised. On a show of hands every person who is present and produces a Warrant or voting certificate or is a proxy shall have one vote. On a poll every person who is present shall have one vote in respect of each Warrant so produced or represented by the voting certificate so produced or in respect of which he is a proxy.

4. To be passed, the Extraordinary Resolution requires a majority in favour consisting of not less than 75 per cent of the votes cast. If passed, the Extraordinary Resolution on all the Warrantholders, whether or not present at such Meeting.

Yves Saint Laurent Perfums S.A.

Paying and Warrant Agents

Bankers Trust Company Dashwood House 69 Old Broad Street

Banque Internationale à Luxembourg S.A.

Credit Suisse

YSL is a société anonyme incorporated under the laws of the Republic of France on 15th September, 1981, expiring, unless extended, on 15th September, 2080. Registered office 5, Avenue Marceau, 75116 Paris. Share capital 909,442,300 Franch Francs. RCS number: Paris B 322 579 301, Parfums is a société anonyme incorporated under the laws of the Republic of France on 30th May, 1984 expiring, unless extended, on 30th May, 2083.
Registered office: 28-34, Boulevard du Parc, 92521 Neuilly-sur-Seine. Share capital 1,360,992,800 Franch Francs. RCS number: Nanterre

This notice has been approved by an authorised person for the purposes of the Financial Services Act 1986 of the United Kingdom.



THE **FUJI BANK,** LIMITED TOKYO

is pleased to announce the opening of its new subsidiary

FUJI BANK (DEUTSCHLAND) AKTIENGESELLSCHAFT

in Frankfurt am Main on October 1st, 1988.

Main business:

underwriting and placement of DM securities dealing in DM bonds and equities investment advisory and portfolio management for institutional investors

Other business:

money market and foreign exchange international credit

Capital: 80 Million Deutschmarks

Board of Managing Directors Naomichi Tsuji Dr. jur. Wilhelm Pigorsch Toyoaki Shibayama

FUJI BANK (DEUTSCHLAND) AKTIENGESELLSCHAFT

P.O. Box 10 08 64 Mainzer Landstraße 46, 6000 Frankfurt/Main 1 Telephone (0 69) 17 09 00 Telefax (0 69) 7 24 10 34, Telex 4 16 535 fjbkf



MITSUI & CO. FINANCIAL SERVICES (AUSTRALIA) LTD. A\$50,000,000

Guaranteed Floating Rate Notes Due 1992 Unconditionally guaranteed by

MITSUI & CO. (AUSTRALIA) LIMITED

Notice is hereby given that the Rate of Interest has been fixed at 13:53% p.a. and that the interest payable on the relevant Interest Payment Date, December 29, 1988 against Coupon No. 5 in respect of A\$10,000 nominal of the Notes will be A\$337-32.

September 30, 1988, London
By Ciubank, N.A. (CSSI Dept.), Agent Bank

CITIBANCO

U S \$200,000,000 CONTINENTAL ILLINOIS OVERSEAS FINANCE **CORPORATION N.V.**

(Incorporated with limited hability in the Netherlands Antilles) GUARANTEED FLOATING RATE SUBORDINATED NOTES DUE 1994 Guaranteed on a Subordinated basis by

Continental Illinois Corporation Incorporated with limited hability in Delaware, USA)

accordance with the provisions of the Notes and the Reference Agency Agreement between Continental Illinois Overseas Finance Corporation N.V. and Citibank, N.A., dated June 24, 1982, notice is hereby given that the Rate of Interest has been fixed at 8:6875% p.a. and that the interest payable on the relevant Interest Payment Date, December 30, 1988, against Coupon No. 26 will be U.S.\$219:60 in respect of U.S.\$10,000

September 30, 1988, London By: Citibank, N.A. (CSSI Dept.), Agent Bank



REPUBLIC OF FINLAND

U.S.\$ 100,000,000 Floating Rate Notes Due 1990 Notice is hereby given that the interest payable on the Interest Payment Date, October 31, 1988, for the period April 29, 1988 to October 31, 1988 against Coupon No. 7 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$39757.

September 30, 1988, London By. Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANCO

Notice of Early Redemption

SEK

AB Svensk Exportkredit U.S. \$150,000,000 Floating Rate Notes Due 1990

Notice is hereby given that pursuant to the provisions of Condition 5(b) of the Notes, the Company will redeem all outstanding Notes at 100% of their principal amount on 31st October, 1988, when interest on the Notes will cease to accrue.

Repayment of principal will be made against presentation of the Notes with all unmatured coupons attached, at the offices of any one of the Paving Agents mentioned thereon.
Coupon No. 7 due 31st October, 1988 should be presented for payment in the usual manner on or after 31st October, 1988.

Bankers Trust Company, London 30th September, 1988

Agent Bank

Wells Fargo & Company

U.S. \$100,000,000

Subordinated Floating Rate Capital Notes due September 1997

In accordance with the in accordance with the rovisions of the Notes, notice is hereby given that for the Interest period 30th September, 1988 to 30th December, 1988

the Notes will carry an interest Rate of 8%% per annum. Interest payable on the relevant interest payment date 30th December, 1988 will amount to US\$218-02 per US\$10,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York London

Issue of up to U.S. \$360,000,000 **Elders IXL Treasury**

(Australia) Limited Subordinated Guaranteed Roating Rate Notes due 199 Guaranteed as to Principal and interest by

Elders IXL Limited For the initial interest period September 29th, 1986 to March 29th, 1989 the Notes will carry an inferest rate of 9.4875% per amum. The interest payable on the relevant interest payment date, March 28th, 1989 will be U.S. \$4,770.10 per U.S. \$100,000 Mornical America

By: The Cheer Manhattan Bank, N.A. London, Agent Bank September 30th, 1968

KLEINWORT BENSON FINANCE B.V. US \$150 million Floating Rate Notes 1996

(US \$100,000,000 having been issued as the Initial and Sole Tranche)

KLEINWORT BENSON LONSDALE plc

(which was substituted for Kleinwort Benson Finance B.V. as the principal debtor on 15th March 1985) For the six months 30th September 1988 to 31st March 1989,

the Notes will carry a Rate of Interest of 9 per cent. per annum with a Coupon Amount of US \$455.00

CHEMICAL BANK Agent Bank

INTERNATIONAL COMPANIES AND FINANCE

Mystery buyers send Bouygues shares up 20%

A VEIL of mystery still hung on the Paris Bourse last night over the mystery buyers of substantial blocks of shares in the Bouygues construction and communications group.

intense speculation and buy-ing sent Bouygues' shares 20 per cent higher yesterday after a similar 20 per cent increase on Wednesday. A total of 283,000 shares were traded yes-terday or the equivalent of 2.4 per cent of Bouygues' out-standing share capital. On Wednesday 6 per cent of the capital changed hands.

The Bouygues shares were again suspended several times yesterday and are expected to be the cantre of further hectic activity today when trading

Brokers said there had been large orders in London and New York yesterday for the

CREDIT LYONNAIS, the large

French nationalised bank, yes-terday reported flat first-half

profits of FFr1.2bn (\$188m)

compared with the first half of Mr Bernard Thiolon, manag-ing director, said Credit Lyon-

nais was expecting to report profits for the whole year simi-lar to the FFr2.2bn of 1987.

The bank made FFr3bn in new net provisions during the first half, compared with provisions of FFr3.4bn in the first half of last year. The new pro-

construction group, which also controls the privatised French TF-1 television network.

Senior Bouygues officials vere at a loss to explain the agitation over the share price and claimed that they did not

know who was buying.
They also confirmed that Mr
Francis Bouygues, the founder
and chairman of the construction group, was in good health. Speculation that Mr Bouygues was iil — indeed there had even been a wild report last week that he had died — have further stimulated the market

lating for some time, over the eventual succession of Mr Bouygues

gues family owns about 12 per cent of the shares in the company, it can currently count on the support of about 40 per cent of shares and around 45

per cent of voting rights from core shareholders. The company's biggest tradi-tional shareholder is the Credit

Speculation on possible raiders has centred on Mr Robert Maxwell, who is already a partner of Bouygues in the TF-1 television network, and on the activity.
The market has been specu-

However, Bouygues has repeatedly shot down rumours

Compagnie Generale des Eaux, the private water distribution

out to resolve the succession problem. Although the Bouy

Lyonnais bank with 10 per cent. The nationalised bank indicated yesterday that it remained a stable and close shareholder of Bouygues and that it was watching closely the latest market activity.

Flat results at Credit Lyonnais visions included an extra FF12.6bn in additional sover-Netherlands and the UK. Interest and commission revenue rose by 8.1 per cent in the first half to FFr15.88bn.

eign-state debt provisions, tak-ing the coverage of these risks to 46 per cent from 38.4 per cent at the end of the first half The bank said the volume of business in France had expan-ded, especially in the con-sumer credit field, but like other French commercial banks there had been an ero-sion in margins. The absence of privatisations and the lower level of activity on the stock market had led to a fall in commission income from equity transactions. capital gains from its share and property portfolio com-pared with FF1700m in the ame period last year. Credit Lyonnais said the latest results reflected changes in the bank's consolidation fol-lowing its acquisitions in the

Lafarge advances 16% at midway

By Our Paris Staff

LAFARGE COPPEE. LAFARGE COPPLE, the French cement group, yesterday reported a 16 per cent increase in first-half net profits on a 10 per cent rise in sales.

First-half net profits excluding minority interests rose to FF1905m (\$142m) from FF7779m in the first six months of last in the first six months of last year. Sales rose to FFr9.6bn in the first half from FFr8.7bn in the same period last year.

the same period last year. Operating profits rose nearly 30 per cent to FFr1.4bn.

The group said its worldwide cement shipments had increased by 7 per cent during the first half. The group's other materials sectors advanced in the first half and its blochemical activities showed strong development.

cal activities showed strong development.

Lafarge also firmly rejected accusations of dumping from a South Korean cement producer. The French group, which has been in the South Korean market for the last 10 years, said that it considered the complaint "unfounded." It claimed that it was a manoeuter designed to raise protections. vre designed to raise protec-tionist barriers in order to create a captive market.

Union Corporation, South Korea's only manufacturer of alumina cement, filed an antidumping suit with the Seoul Government this month against the French group's Lafarge Fondu International subsidiary.

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The Korean company accused Lafarge of selling cement at heavy discounts on the Korean market.

Greece postpones Larco sale

By Andriana lerodiaconou

THIS WEEK'S sale by auction of Larco, the Greek ferronickel producer for which the Greek Government is asking at least Dr26bn (\$171m), was postponed. It had been due to take place on Wednesday.

Larco, which passed to the state under a special rescue programme for financially-ailing industries launched by the Greek socialist Government in 1983, is considered of strategic importance to the national

importance to the national economy, a fact which ren-dered its reprivatisation

It was thought likeliest that the company, whose debts to Greek and foreign banks in By Olli Virtanen in Helsinki Dr20bn plus a further esti-mated Dr20bn owed to the state Public Power Corporation, would pass into the hands of its domestic creditor

However, the possibility of a private-sector management contract is not ruled out. Larco's performance has reportedly improved dramatically since the 1987 rise in world nickel prices, with the com-pany expected to show a profit

this year.
Production costs have been trimmed through an approxi-mate halving of the original 2,200 strong workforce.
Analysts suggested that
Larco's conversion into a ferrochromium producer would offer the best long-term survival option, requiring minimal

AEG raises earnings by 10%

GROUP SALES at AEG, the West German electrical and electronics concern, rose by 10 per cent to DM7.7bn (34.1bn) in the first eight months of 1988 and the group forecasts that sales for the year will exceed DM13bn, compared with DM11.7bn in 1987.

Desirable Renz which earlier

Daimler Benz, which earlier this year bid for the minority stake in AEG that it did not already own, has now raised its stake to more than 80 per cent against some 68 per cent at the end of June, according to Mr Heinz Dürr, AEG's chief

He gave no profits' figures, in line with previous practice at AEG, which was nearly bankrupt in the early 1980s. However, he said that profitability had improved this year and would be adequate to pay to AEG shareholders who do not accept Daimler's offer a payment equivalent to 20 per payment equivalent to 20 per cent of Daimier's dividend, as had been guaranteed in Daim-ler's takeover proposal.

Mr Durr said that AEG's order levels in the first eight months of the year had risen by 9 per cent to DM8.5bn, with sales at the automation

systems, domestic appliances and plant technology divisions and at AEG Kabel increasing Percentage sales growth at many of AEG's foreign subsid-iaries had been in double fig-

development spending this year was set to rise to DM12bn, against DM930m last year, with joint development projects with Daimler Denz playing an important role playing an important role. Investment in fixed assets was set to rise by about a third to

Outokumpu seeks listingfor employees' shares

OUTOKUMPU, the Finnish hase metals group, will seek a listing on the Helsinki Stock Exchange, becoming the country's second state-owned company to enter the stock market after Valmet, the metal and engineering group. Earlier this week, Finland's

economic policy committee said that Outokumpu could launch a share issue for pri-vate investors, providing that the state maintained control. However, the company has decided not to launch an issue of new shares. The listing will be based on the 18.9m series A

shares that Outokumpu offered to employees earlier this year in exchange for cutting the generous, and costly, pension benefits. The A shares have a preferential dividend and have equal

voting rights with the state-owned B shares. Some 6,200 employees, 92 per cent of those eligible, accepted the A shares offer, which represent 25 per cent of the entire share capital.

The company's pension fund subscribed to the remaining 8 per cent of the issue. The state of Finland retains 61 per cent of the total share capital and the state's Social Insurance Institution has 14 per

Outokumpu's performance during this year has improved dramatically over the disastrous 1987. According to fig-ures released yesterday the company's profit before appro-priations and taxes in Janu-ary-August jumped to FM573m (\$129m), compared with FM53m in the same period last year.

Swiss Re ahead despite adverse currency move

SWISS Reinsurance, the world's second-largest reinsurance group, lifted 1987 group consolidated net profit by 12.3 per cent to SFr201m (\$128m) from SFr179m in 1986. This was despite adverse currency factors, which depressed premiums expressed in Swiss francs.
Gross premiums rose 7 per
cent in local currencies, with

reinsurance premiums up 4.2 per cent and insurance premiums up 11.1 per cent. Expressed in Swiss francs, gross premiums fell 2.2 per cent to SFr10.43bn

Net premiums rose 1.3 per cent to SFr9.84bn although the increase would have been 10.4 per cent but for currency fac-tors. Financial income rose to SFr1.13bn from SFr1.09bn in

Paine Webber Group Inc. U.S. \$200,000,000

Subordinated Floating Rate Notes Due 1993

For the six months 30th September, 1988 to 30th March, 1989 the Notes will carry an interest rate of 93/16 per cent. per annum and interest payable on the relevant interest payment date 30th March, 1989 will amount to U.S. \$461.93 per U.S. \$10,000 Note and U.S. \$4,619.27 per U.S. \$100,000 Note.

By Morgan Guaranty Trust Company of New York, London Agent Bank



American Express Bank Ltd. U.S. \$100,000,000 Floating Rate Subordinated Capital Notes Due 1997

Natice is hereby given that the Rate of Interest has been fixed at 8.625% and that the interest payable in respect of U.S. \$10,000 principal amount of Notes for the period September 30, 1988 to December 30, 1988 will be US\$218.02.

September 30, 1988, London By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITICORPO

U.S. \$350,000,000 Subordinated Floating Rate Notes Due November 27, 2035 Stibordinated Floating Hate Notes Die November 27, 2035
Notice is hereby given that the Rate of Interest has been fixed at 8.5375% in respect of the Original Notes and 8.625% in respect of the Enhancement Notes, and that the interest payable on the relevant Interest Payment Date October 31, 1988 against Coupon No. 35 in respect of US\$10,000 nominal of the Notes will be US\$7.52 in respect of the Original Notes and US\$74.27 in respect of the Enhancement Notes.

September 30, 1988, London
By: Citibank, NA (CSSI Dept.), Agent Bank

CITIBANCO U.S. \$200,000,000



Banco di Santo Spirito S.p.A. (Incorporated with limited liability in the Republic of Italy)

London Branch

Floating Rate Depositary Receipts due 1993

In accordance with the provisions of the Notes, notice is hereby given In accordance wirn the provisions of the notes, notice is hereby given that for the interest Period from September 30, 1988 to March 31, 1989 the Notes will carry an interest Rate of 84% per annum. The interest payable on the relevant interest payment date, March 31, 1989 will be U.S. \$442.36 for Notes in denominations of U.S. \$10,000 and U.S. \$4.423.61 for Notes in denominations of U.S. \$100,000.

By: The Chase Manhattan Bank, W.A. London, Agent Bank

September 30, 1988

U.S. \$60,000,000

MANUFACTURERS NATIONAL CORPORATION

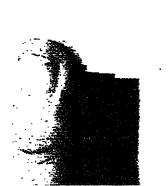
Manufacturing National Corporation (Incorporated in the State Delaware)

Subordinated Floating Rate Notes due September 1996 Issue Price 100%

In accordance with the provisions of the Notes, notice is hereby given that for the interest Period from September 30, 1988 to March 31, 1989 the Notes will carry an Interest Pate of 9%% per annum. The interest payable on the relevant Interest payment date, March 31, 1989 will be U.S. \$458.16 for Notes in denominations of U.S. \$10,000 and U.S. \$11,453.99 for Notes in denominations of U.S. \$250,000. By: The Chase Mankattan Bank, N.A.

London, Agent Benk September 30, 1988 -





INTERNATIONAL COMPANIES AND FINANCE

Granges clashes with Noranda over share deal

By Robert Gibbens in Montreal

developed between Vancouver-based Granges Exploration and the giant Noranda resource a gold property in northern

dellaner

usignat.

Ontario.
On September 16, Noranda's 50 per cent-owned affiliate, Hemlo Gold, operator of one of the three new gold mines in the Hemlo area of northern Ontario, bought almost 10 per cent of Granges on the open market for about CS9m

Only this week did the identity of the buyer of the Granges stock become known, through a routine filing with the Securities & Exchange Commission in Washington. But Granges, which had

been seeking a potential part-ner to develop its jointly owned northern Ontario gold property, says Hemlo Gold had agreed not to-buy any Granges shares before June 22, 1989, without its written consent. Granges says Hemlo Gold did not ask for consent and therefore contravened the terms of the agreement and

must sell the shares to arm's-

By Richard Donkin in London

Robert Maxwell's Pergamon

Group in a management buy-out in June, has formed a com-

pany to manufacture and mar-ket multiphase pumps for off-shore oil and gas platforms.

Multiphase Systems, the new subsidiary to be based on the

Avonside Industrial Estate in

Bristol, will develop and manu-

facture the multiphase pump

system designed by another Hollis company, Stothert and Pitt, the Bath-based pump com-pany and leader in multiphase technology.

Multiphase pumps are expec-

ted to play a leading role in the new generation of oil produc-

tion techniques now under

development and could significantly reduce the need for

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THE RESE

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multiphase pump venture

HOLLIS INDUSTRIES, the UK engineering services company which broke away from Mr and gas mixtures from the

A HEATED dispute has | days. The alternative would be-

legal action. Granges said it had hired investment advisers to approach selected mining companies for a joint venture arrangement to develop its Mishibishu Lake property in northern Ontario, held with MacMillan Energy Corpora-

After the shareholder agreement was signed, Granges says, it provided detailed infor-mation to Hemlo on the Mishi-

bishu property.

It accuses Hemlo of trying to obtain an interest in the property for a price lower than its real value and of trying to prevent Granges selecting another

company as a partner.
Noranda said the shareholder agreement with Granges was signed by a junior executive in its Vancouver office and it was making further inquiries. Meanwhile, it said further talks were under

way with Granges. Granges is an exploration company which began producing gold last year and will have output of 75,000 oz this year. mainly from two propertes in length purchasers within two

wellhead to a central treatment

weinead to a central treatment station, dispensing with the need for gas and liquid separation plant, could help to revolutionise oil production, Mr Michael Bridge, managing director of Multiphase Systems, said yesterday.

The system should allow

more economic exploitation of oilfields by reaching reserves that have had to be abandoned

The multiphase system,

developed in collaboration with

Shell, Mobil and BP and with a

in the past, he said.

Hollis Industries sets up

Delhaize sales in Belgium

in Brussels

DELHAIZE, the Belgian supermarket group which has a major presence in the US, saw sales in the first eight months in Belgium increase 5.6 per cent to BFr42.9bn (\$1.1bn).

Food Lion, the main US operation, reported a 28.6 per cent increase in sales to \$2.5hn in the first 36 weeks of 1988 while net earnings were 35.7 per cent better at \$78.2m. per cent petter at \$78.2m.
Sales of Pingo Doce in Portugal jumped from Esc4.8bn.to
Esc14bn (\$90m) in the first
eight months of 1988.

\$230,000 (\$390,000) grant from the Department of Trade and Industry, is already in produc-tion. Multiphase pumps, cost-ing about £500,000 each, are to be installed at a Shell site in manned offshore platforms. Sarawak and on a BP platform.

Their capability, using a in the North Sea.

Electrolux buys 60% of Spanish supplier

By Sara Webb in Stockholm

RLECTROLUX of Sweden, the world's leading white goods manufacturer, said yesterday it had succeeded in acquiring 60 per cent of the shares in Unidad Hermetica, Spain's leading maker of compressors. leading maker of compressors for the white goods sector.

The price paid was Pta3.23bn (\$26m). Electrolux had made a Pta5.5bn bid for all of the Spanish company a

The Swedish company has said the takeover would fit in with its strategy of building up its compressor business as there is currently a shortage of compressors on the market.

Electrolux has about 30 per cent of the white goods market in Spain, following its recent agreement to take over Cor-bero and Domar, two white goods companies which make mainly cookers and washing machines and which have combined annual sales of around

Unidad Hermetica has annual sales of around Pta14.3bn and makes a "small profit," according to Electroulux. It employs 1,700 staff and has two factories in Catalonia, North East Spain, where Corbero and Domar are based.

Unidad already supplies mainly for refrigerators, but will continue to supply other manufacturers in Europe as

advance 5.6%

By Tim Dickson

Pocklington tries to score on the rebound

Tamsin Carlisle profiles the acquisitive Alberta businessman who has incurred the wrath of Canada's ice-hockey fans

I f a poll were taken today to find the most unpopular man in Canada, Mr Peter 'Puck' Pocklington would stand every chance of winning

A month after the eccentric Alberta businessman traded Mr Wayne Gretsky, the ice-hockey superstar, to Los Angeles, millions of outraged and bewildered Canadian sports fans are still baffled by his motives. his motives.

Mr Gretsky, known as "The Great One' and acknowledged as the finest player of Canada's most keenly-followed game, was regarded by many Canadians as a national treasure. Did Mr Pocklington, a former used car salesman and political hopeful, so badly need the C\$15m (US\$12.3m) he procured from the deal that he would forever sacrifice the nation's

Mr Pocklington, whose businesses haul in revenues of roughly Cath a year, is not currently inclined to answer this question and is keeping a low profile. But as the armchair athletes' howls of protest fade to a disgruntled murmur, a few clear threads are begin-

ning to emerge.
At the ripe old age of 47, Mr Pocklington has apparently concluded that politics is not for him. With a general election looming, he has made no move to be nominated Conservative candidate in any of Alberta's 26 constituencies. Indeed, if he did run in current circumstances, his presence on

the Tory ticket could well prove a distinct liability. Not that his earlier forays into the political arena were conspicuously successful. In 1983, for example, he entere the Conservative party's lead-ership race and lavished approximately C\$1m on his

campaign only to suffer a first ballot defeat. Instead, Mr Pocklington may now be gearing up for another round of acquisitions and plant expansions to add to his diverse North American business empire.

The conglomerate, controlled by Pocklington Financial, a private holding company, com-prises property and oil compa-nies, three sports teams (including the all-conquering Edmonton Oilers), a furniture manufacturer and eight food processing concerns, All told, the 14 businesses employ some 5,000 people, All but one of these companies - 75 per cent-controlled Canbra Foods, is 100 per cent owned by Mr Pock-lington.

etails of the group's financial records are a jealously guarded secret. However, the jewel in the Pocklington crown is undoubtedly Edmonton-ba Gainers, whose annual sales of some C\$350m make it the third largest meat packing company in Canada.

There are several indications that Mr Pocklington aims to continue expanding. In August, for example, he obtained a

C\$5.9m mortgage loan to open a meat packing plant in a meat packing plant in Regina. In addition, Alberta's crown-owned Treasury Branches last year approved a C\$100m line of credit for the group's Palm Dairies operation

in Calgary.

In March, the same body extended a C\$12m loan and a further C\$55m in loan guarantees to Gainers. According to Mr Doug Ford, a Pocklington spokesman, the group is cur-rently debating whether to upgrade a 70-year-old meat prossing plant in Edmonton or to build a completely new facil-

r Pocklington appears to be in acquisitive mood on a personal level as well, having recently acquired a C\$900,000 lakefront cabin in the Pacific coast province of British Columbia

In short, the mercurial busiflat-rate income tax and proposed paying off the national debt by printing C\$3,000m of new money, seems to have bounced back from the trials and tribulations of four years ago after his businesses suffered severe difficulties.

Indeed, Mr Pocklington has developed a habit of bouncing back over the years. Many attribute this resilience to his ability to stay on good terms with powerful political allies such as Prime Minister Brian Mulroney and Alberta premier Don Getty, both of whom Mr Pocklington counts as personal

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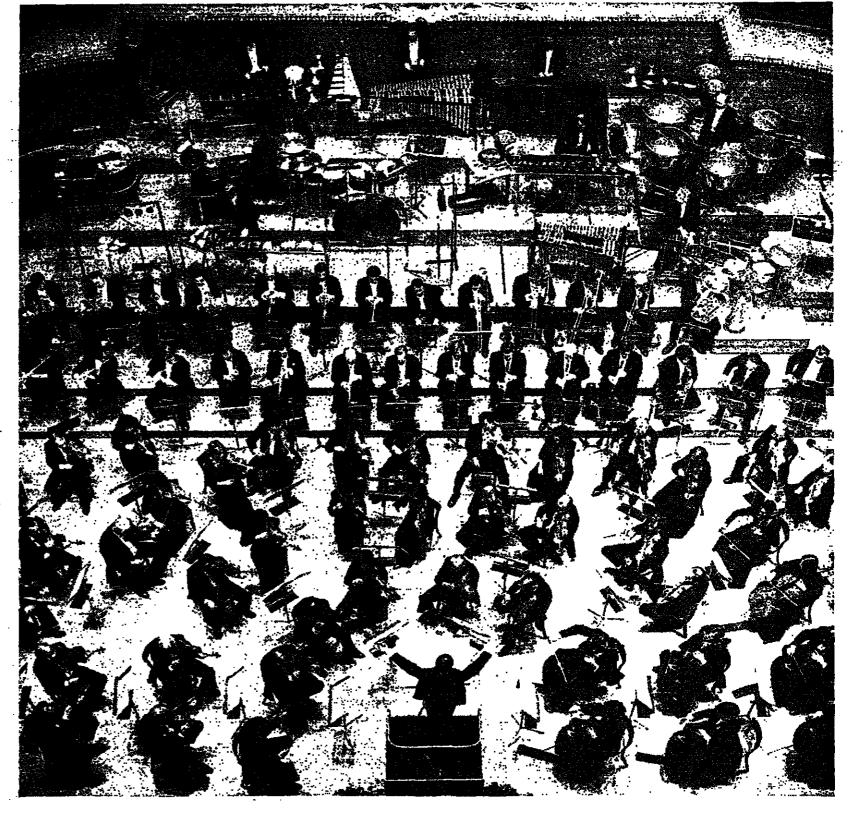
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The Basel Symphony Orchestra, with guest conductor Pierre Boulez, in the Music Auditorium of the Stadt Casino, Basel.

THE TINANCIAL TIMES COTTECTION][3]

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U.S. \$1,090.10

Credit Suisse First Boston Limited



Ente Nazionale per l'Energia Elettrica U.S.\$300,000,000

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In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest has been fixed at 8,690625% for the Interest Determination Period 30th September, 1988 to 31st October, 1988. Interest accrued for this Determination Period and payable 30th November, 1988 will amount to U.S.\$74.84 per U.S.\$10,000 Note and U.S.\$1,870.90 per U.S.\$250,000 Note.

> Agent Bank: Morgan Guaranty Trust Company of New York London

Banco Nacional do Desenvolvimento Economico

U.S.\$50,000,000 Floating Rate Notes 1989

Notice is hereby given pursuant to the Terms and Conditions of the Notes that for the three months from 30th September 1988 to 30th December 1988 the Notes will carry an interest rate of 8%% per annum. On 30th December 1988 interest of U.S.\$22.12 will be due per U.S.\$1,000 Note and U.S.\$221.18 due per U.S.\$10,000 Note for Coupon No. 38.

> **EBC Amro Bank Limited** (Agent Bank)

30th September 1988.

FISONS

Notice

to the holders of the U.S. \$50,000,000

51/4% Guaranteed Convertible Bonds 2001 of FISONS FINANCE NETHERLANDS B.V. (which are convertible into the Ordinary Shares of FISONS plc) (the "Bonds," the "Company" and the "Guarantor" respe

NOTICE IS HEREBY given to the holders of the Bonds, that as a result of the recent Rights Issue by the Guaranter, details of which were communicated to shareholders in a circular dated 19 August 1988, the Conversion Price of the Bonds falls to be adjusted. In accordance with the terms of the Trust Deed constituting the Bonds the Conversion Price has been adjusted from 322 pence to 314 pence

per share, such adjustment to be effective from 12 September 1988.

30 September 1988.

U.S. \$75,000,000

Comerica Incorporated

Floating Rate Subordinated Capital Notes Due 1997

Interest Rate

85/8% per annum

Interest Period

30th September 1988 30th December 1988

Interest Amount per U.S. \$50,000 Note due

30th December 1988 U.S. \$1,090.10

Credit Suisse First Boston Limited Agent Bank



CREDIT D'EQUIPEMENT DES PETITES ET MOYENNES ENTREPRISES £100,000,000

Guaranteed Floating Rate Notes due 1996 For the three months 26th September, 1988 to 28th December, 1988 the Notes will carry an interest rate of 12% per annum and coupon amount of £1,504.29 per £50,000 Note and £150.43 per £5,000

Bankers Trust Company, London

Note, payable on 28th December, 1988.

Agent Bank

US. \$75,000,000



Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft

Floating Rate Subordinated Notes Due 1991

Interest Rate

83/4% per annum

30th September 1988

Interest Period

30th December 1988 Interest Amount per U.S. \$1,000 Note due

30th December 1988 U.S. \$22,12

> **Credit Suisse First Boston Limited** Agent Bank

U.S. \$40,000,000 Industrial Bank of Finland Ltd. Guaranteed Floating Rate Notes Due 1994



In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 28th September 1988 to 28th March 1989 the Notes will carry an Interest Rate of 81% per annum and the Coupon Amount per US\$10,000 will be US\$436.79

Merrill Lynch International Bank Limited

Wells Fargo & Company

U.S. \$150,000,000

Floating Rate Subordinated Notes due 1992

In accordance with the rovisions of the Notes, notice is hereby given that for the Interest period 30th September, 1988 to 31st October, 1988 the Notes will carry an Interest Rate of 8-5375% per annum. interest payable on the relevant

interest payment date
31st October, 1988 will amount
to US\$73-52 per US\$10,000
Note.

Agent Bank: Morgan Guaranty Trust Company of New York London

Wells Fargo & Company U.S. \$200,000,000

Floating Rate Subordinated Notes due 2000

In accordance with the provisions of the Notes, notice is hereby given that for the interest period 20th September 1008 to 30th September, 1988 to 31st October, 1988 the Notes will carry an interest Rate of 8%% per annum. Interest payable on the relevant interest payment date 31st October, 1988 will amount o US\$73-73 per US\$10,000 Not and US\$368.66 per US\$50.000

Agent Bank: Company of New York London



U.S. \$100,000,000

Floating Rate Participation Certificates Due 1992 issued by Morgan Guaranty GmbH for the purpose of making a loan to

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In accordance with the terms and conditions of the Certificates, the rate of interest for the Interest Determination Period 30th September, 1988 to 31st October, 1988 has been fixed at 8½6%. Interest accrued for the above period and payable on 31st January, 1989 will amount to US\$75.89 per US\$10,000 Certificate.

> Morgan Guaranty Trust Company of New York London Branch

Grindlays Eurofinance B.V. U.S. \$100,000,000 Guaranteed Floating Rate Notes 1992



Grindlays Bank p.l.c.

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period 30th September, 1988 to 31st March, 1989 the Notes will bear interest at the rare of 91/6% per annum. The Coupon Amount per U.S. \$100,000 Note will be U.S. \$4,581.60 and the Coupon Amount per U.S. \$10,000 Note will be U.S. \$458.16. The Interest Payment Date will be 31st March, 1989.

> Agent Bank Samuel Montagu & Co. Limited

The United Mexican States US\$2,556,093,000

Collateralized Floating Rate Bond Due 2008

In accordance with the terms and conditions of the Bonds, the rate of interest for the interest period September 30, 1988 to March 30, 1989 has been fixed at 101/16% per annum. Interest payable on March 30, 1989 will be US\$13,119.36 on each

US\$250,000 principal amount of the Bonds.

Agent Morgan Guaranty Trust Company of New York London Branch

INTERNATIONAL CAPITAL MARKETS

Italy issue sets traders buzzing

THE NEW \$1bn dollar straight issue for Italy which finally emerged via Merrill Lynch yesterday grabbed the attention of the primary Eurobond market in a manner not seen for some time and demonstrated clearly that competition in the market

is keener than ever.

A total of \$1.4bn in new US
dollar paper was launched yesterday while the Canadian dollar sector also had a bonanza day with four issues of varying calibre which totalled C\$350m. The seven-year Italy issue at 9% per cent and 101% had been dominating the market all week since Italy first announced it would be refinancing an outstanding \$1bn float-

ing-rate note. Merrill Lynch was the lead manager on the floater and although the mandate for the latest straight issue was hotly contested, it was no surprise when it went to Merrill.

Yesterday's issue appeared to prompt almost as much discussion as Italy's last foray in

Borrower
US DOLLARS
Italy
Ford Motor Credit
Campbell Soup
Sparekassen SDS (d)
Final terms fixed on:

Mitsubishi M.&C.Ф♦ Nippon Steel Chem.Ф♦

CANADIAN DOLLARS

Montreal Trustco ◆
GMAC Canada ◆
Skand.Enskilda Bkn◆

Tor Dominion A'stratia

Honshu Paper Co. ***
Final terms fixed on:

CIR Int.(Luxembourg) • ♦
Chinon Ind.(a) ★ ★ § ♦

GUILDERS Fiat Finance & Trade◆

Issue increased: Nat. Nederlanden (c)

Swedish Export Cr.★★(b)◆

National Home Loans Fin.

Pernod Ricard AUSTRALIAN DOLLARS

SWISS FRANCS

D-MARKS

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CCCE94 95......

Credit National 74, 92. Credit National 74, 91. Denmark 74, 92. E.E.C. 791, 93. E.E.C. 890.

Italy 9 90.
L.T.C.B of Japan 8 91.
L.T.C.B. of Japan 8 97.
Alereds-Bear Cd. 8 1₂ 95.
Metropolis Tokyo 9 1₂ 93.
Morgan Guaranty Tst. 7 90.
Norway 8 1₄ 93.

Pepsico Inc. 73, 93..... Portogal 84, 91.... Prudential Crp. 84, 94

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I.A.D. 8 6 97.
Japan Flannes 5 1 97.
Ireland 6 1 97.
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Nat. West BK. PLC 6 98.
Nippon Telg, 8 7 el. 6 95.
Gesters. Kontiks 5 93.
Portugal 6 1 95.
Portugal 6 1 93.
Royal Insurance 5 1 93.
Royal Insurance 5 1 92.

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B.M.W.Fin. Neth. 5 13
Britannia B/S. 4½ 94
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Cedit Lyonnais 4½ 00
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Kobe City 4½ 98
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Leeds Perm. B/S. 4½ 93
Majaysia 5½ 98
Maywell Comm. Crp. 5 95
Nationwide Ang. B/S. 4 93
Nippon Telg. 6 iel. 4½ 95
Oesters, Ktuk. 5 03
Rep. National Bk. 4 93
Thalland 4½ 95.

World Bank 5 03

the dollar straight market, another \$1bn bond via Credit Suisse First Boston, on which the pricing of the swap pack-age excited some controversy.

However, it was not clear how much of yesterday's polemic could be explained away as gibes from rival syndicates who had failed to secure

INTERNATIONAL BONDS

what is considered a prestigious mandate and how much of the criticism was

The lead manager said the yield spread at the time of pricing was an initial 47.7 basis points over comparable US Treasury issues. It was initially marketed at a spread of 43 basis points which later narrowed to the a reason of 42 basis points which later narrowed to the a reason of 42 basis points which later narrowed to the a reason of 42 basis points which later narrowed to the a reason of 42 basis points which later narrowed to the second of 42 basis points which later narrowed to the second of rowed in to a margin of 42. Merrill Lynch was also behind the swap package linked to the deal and said it

NEW INTERNATIONAL BOND ISSUES

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101%

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FT INTERNATIONAL BOND SERVICE

4% 5

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14

64

(1%)

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Belgium 91 US.

Britamila 5 93 £.

Ciase Manhattan Crp. 91 US.

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EEC 3 92 DM.

Hallfax E 94 £.

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Midland Bank 01 £.

Milk Mist. Brd. 5 93 £.

New Zealand 5 07 £.

New Zealand 5 07 US.

Szate Bk. New. 98 US.

Woolwich Equit. BS. 93 £.

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coupon.

Connectible Bonds: Denominated in dollars unless otherwise Indicated.

Chg. day = Change on day. One date = First date of conversion into shares. Cov., price = Nominal amount of bond per share expressed recurrency of share at conversion rate fixed at issue. Prem = Percentage practical and the currenteffective price of acquiring shares via the bond over the most recent price of the shares.

Alliance & Leic Bld 94 E

had not been endeavouring to bring down the yield on the seven-year US Treasury issue. The lead manager said its

extensive buying in the sector was merely conventional hedging procedure, common to this type of swap transaction. How-ever, syndicate managers at other houses noted that the net effect of the lead manager's transactions appeared to have had an effect on the eventual pricing of the deal.

The uncertainty engendered by this dispute was com-pounded by charges that the deal had been offered to key accounts several hours before co-management invitations were issued. However, gauging potential interest in a new deal ahead of formal launch is an acceptable Euromarket practice and is generally seen as a prerogative of the lead manag-ing house.

ing house.

The timing of the issue was regarded as slightly unfortunate, coming in the wake of two well-received seven-year

Merrill Lynch Goldman Sachs CSFB

Banque Paribas Bankers Trust Int. Deutsche Bk Cap.Mkts

Nomura Int.

214/112 Nomura Int. 214/112 Yamaichi Int.(Eur)

1½/1 Hambros Bank

214/112 Deutsche Bank

Credit Suisse

2/11 Bank Mees & Hope

Warburg Soditic Bank Leu

issues earlier this week, a \$600m deal for Alberta via J.P. Morgan and a \$200m deal for Japan Development via IBJ International.

These, issues are now virtually fully placed and although demand for more dollar paper at this maturity still exists.

many end-investors have probably already filled their requirements and uptake could be now be a little slow.

However, the lead manager did receive plaudits for its manful support of such a large issue. The spread on the issue was steady at 42 basis points by the end of the day.

In the shadow of the Italy deal came two other dollar

straights which fortunately carried five-year maturities. meaning that competition was not so direct. Goldman Sachs International brought Ford Motor Credit to the market, a deal regarded as reasonably priced but which could be ham-pered by the volume of new paper in the market. It finished the day bid at a discount equal to its total fees.

to its total fees.

The day's most successful deal was a \$100m issue for Campbell Soup via: CSFB which excited widespread interest, not exclusively from Continental retail accounts with whom the name is a favourite. It was hid comfortably within fees at a discount of 1.55.

The day's four offerings in

The day's four offerings in the Canadian dollar sector met a generally mixed reception and most dealers pointed out that whatever interest had been seen earlier in the week for the paper had probably been all but extinguished by rush of new deals.

The five-year C\$100m deal for Montreal Trustco via UBS Securities was deemed the best of the bunch with a generous 81 basis point spread at launch. The reception was not so enthusiastic for GMAC Canada's C\$100m 5%-year deal via Banque Paribas Capital Markets. The borrower is thought to have come to the market a little too often to excite overwhelming investor interest.

*Not yet priced. **Private placement. #With equity warrants. \$Convertible. \$Final terms, a) Put option fixed: 3l/3/91 at 108.2 to yield 3.901%. b) With currency warrants. Each F10,000 has 25 warrants to buy \$500 with DM (to be fixed 30/9/86) between Oct. 1988 and Sept.1990. c) Issue Increased by Fi25m to F1100m, With bond warrants. d)Additional \$100m on tap. AIBD and clearers act to end row Closing prices on September 29

By Our Euromarkets Staff

| Closing prices on September 29 | Change via | Change vi THE Association International Bond Dealers (AIBD) and the two major clearers of Euromarket trans-actions, Cedel and Euroclear, ### Authorities | Solidar will conduct a feasibility study on the development of a joint communications system.

The agreement appears to resolve a year-long dispute between the AIBD, a self-regulatory organisation, and the two clearers. In June 1987, AIBD members voted to develop a trade reporting and matching system to be known as TRAX.

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While the two clearers did not initially voice any objections to implementation of the TRAX system, they later mounted an effort to urge AIBD members to halt the project, citing its cost. Among other things, they said the TRAX system duplicated to some extent capacity already retained by the two clearers. For its part, the AIBD said the two clearers had earlier rebuffed suggestions that the three organisations work together to develop a joint sys-

The joint study will examine a common network designed to carry data both between TRAX subscribers and the AIBD TRAX system and between the AIBD TRAX system and the two clearing systems.

Data will be protected at the

point of entry, and transmitted individually and directly to the intended recipient for process-ing, insuring confidentiality. Services to be provided by the joint system include trade confirmation, market informs. tion, regulatory reporting and settlement-related communica-

Turks double Euro paper programme

THE TURKISH central bank has doubled the size of its European commercial paper programme to \$200m, Saudi International Bank, the programme's arranger, said yesterday, Reuter reports.

Aside from Saudi International, dealers in the pro-

gramme are Bankers Trust International and Swiss Bank Corporation Investment Bank-

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INTERNATIONAL CAPITAL MARKETS

Gilt prices take heart from buoyant sterling

By Our Euromarkets Staff in London and Janet Bush in New York

above DM3.17 at one stage yes-terday sent gilt prices up % to % points, but the mood among retail investors is not yet jubi-

If anything, the price rises. reflect a heavy flow of foreign funds into sterling as well as a build-up in domestic cash bal-ances at building societies and insurance funds.
Building societies, flush with

liquidity from investors steering clear of equities, are finding that the drop in demand for new mortgage money has led them to look for other outlets for their cash. And while much of it has gone into the higher-yielding money markets, the gift market is also

eneuring. The flow of domestic and for: eign funds into the London money market has depressed three-mouth interbank rates lecisively below the 12 per cent base rate to about 11% per cent. Dealers cautioned against reading too much into the cheaper short-term funds, saying the decline in rates did not reflect expectations of a base

It may, however, reflect diminishing expectations that interest rates will have to be raised again to deal with domestic UK demand for

Gilt prices have also come down substantially, with some of the greatest anomalies in prices showing up among short-term stocks, where building societies are significant players. For instance, late yes-terday the 18% per cent stock due 1992 was yielding 10.169 per cent, well below money market rates.

Reserve requirements dis-courage building societies from purchases longer than five to Seven vears.

Long bonds are also supported by the absence of new stock, a phenomenon likely to stay with the market for some time given the healthy condition of government finances.
One hope is that if sterling can stay buoyant the Bank of England may eventually be

forced to intervene and issue new stock in order to sterilise internal economic impact-One possible source of relief for stock shortage in glits may come from the issuance of new

Tibel and the till tilbles 12 in Language of September

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STERLING'S surge back back. Eurosterling or sterling deben- today's US leading indicators

US TREASURY bonds receiv a jolt early in the New York session yesterday when weekly figures for unemployment claims suggested the US job-less rate might have fallen in

However, prices then bounced back and were quoted

GOVERNMENT BONDS

as much as if point higher in late New York trading. The Treasury's benchmark 30-year issue stood & point higher for a yield of 9.062 per cent.

Initial claims for state unem-ployment insurance rose only 7,000 in the week ended Sep-tember 17, which compared with forecasts of an increase of

as much as 40,000.
Although these figures are not a reliable indicator of overall unemployment trends, they were particularly closely watched because they covered the week which the Labour Department bases its monthly statistics on.

Monthly employment data have become crucial for the bond market because they have figured large in successive moves by the US Federal Reserve to tighten monetary

policy.

After the initial fall, prices recovered smartly, partly because traders appeared to want to position themselves for figures for August, which are expected to be unchanged to slightly lower.

WEST GERMAN government Bunds closed 10 to 20 pfennigs higher in very quiet trading, with all eyes focused on Lon-don for the start of the new nd futures contract on Liffe. While there was no reaction est in the success of the new futures contract. In particular, dealers are wondering whether non-traditional Bund investors will be buyers of futures, a development that could deepen

the underlying cash market.

IN THE Australian government bond market, long-term prices recovered marginally, with the benchmark 12% per-cent bond shedding three basis points to 12.96 per cent. But short-term issues slipped still further, despite a smaller than expected increase in the re-discount rate yesterday to

13.8 per cent.
The market had expected a 14 per cent rate. Attention is now focused on Saturday's state-wide election in Victoria, where the opposi-tion Liberal Party is hoping for a victory. Last February, the Liberal Party won the state of New South Wales. Some fear that if Victoria falls to the Liberals, the ruling Labor Party may abandon its tight money policy in the hope of winning back votes.

BENCHMARK GOVERNMENT BONDS								
			Price	Change	Yield	Week ago	Month	
JK GILTS	13.500 8.750 9.000	9/92 9/97 10/08	110-20 93-20 98-08	+3/32 +7/32 +5/16	10.16 9.84 9.19	10,45 10,08 9,38	10.57 10.15 9.48	
IS TREASURY	9.250 9,125	8/98 . 5/18	101-28 100-06	+ 12/32 + 1/82	8.96 9.10	8.91 9.00	9.26 9.33	
APAN No 105 No 2	5.000 5.700	12/97 3/07	99.7490 104,3677	-0.157 -0.246	5.04 5.24	5.08 5.32	5.34 5.42	
BERMANY	6.500	5/98	99,4000	+0.100	6.50	6.46	6.66	
RANCE BTAN	9.000 8.500	7/93 6/97	101.6010 98.3250	-0.136 +0.125	8.56 8.77	8,51 8,77	8.79 9.22	
ANADA	9.500	10/98	96.000	0.00	10.15	10.27	10.61	
ETHERLANDS	6.500	7/98	100.1750	+0.150	6.41	6.38	6.62	
USTRALIA	12.500	1/98	102,9884	-0.001	11.94	11.75	11.85	

Bund contract off to a champagne start

Dominique Jackson on an enthusiastic first day for Liffe's latest instrument

popping yesterday at the official launch of the new German Government Bond (Bund) futures contract when Mr Norman Lamont, Financial Secretary to the Treasury, rang the bell for trading to commence on the London International Financial

Futures Exchange.

The new contract is the first
D-Mark denominated futures contract on a fixed-income bond available anywhere and fulfils a need by providing the first opportunity for investors in the German bond market to hedge their substantial Bund holdings against currency and interest rate volatility.

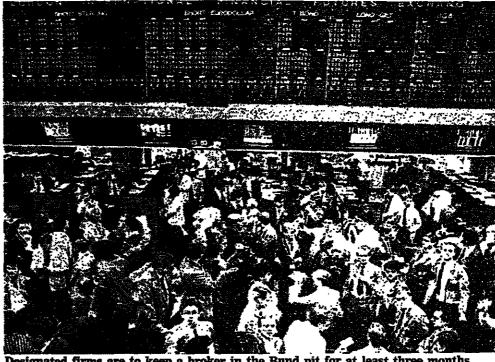
While it is always difficult to

While it is always difficult to gauge just how well any newly developed derivatives product is going to perform, so far the excitement about the new Bund contract seems to be more than warranted.

The German bond market is the now the fourth largest in the world with an estimated \$150bn worth of paper out-standing. Until now it had been the sole big international fixed-income market without an associated futures market. The long-overdue launch of an effective risk management tool should help to broaden the appeal of the cash market in Bunds.

To counteract possible problems of liquidity and depth of trading which have blighted some recent launches - in particular, that of the Japanese Government Bond (JGB) contract - Liffe has, for the first time, appointed designated bro-kers for the contract. These 16 firms will be actively promo-ting the contract and have undertaken to keep a broker in the Bund trading pit for a min-imum period of three months from the launch date.

The contract appeared to get off to an extremely good start yesterday with a volume of



Designated firms are to keep a broker in the Bund pit for at least three months

almost 3,000 lots traded within the first 90 minutes. This was the level cited by Mr David Burton, Liffe chairman, as an acceptable total daily volume for the contract. Estimated volume yesterday was over 8,000.
According to Mr Nick Bolton, of Union Discount Futures, one of the designated Bund contract brokers, volume yesterday appeared promising, although it will not be possible to measure the success of the

contract for some time.
For example, Japanese houses, which are expected to be active users, are currently occupied with other business as the September 30 end of the current Japanese financial period approaches. It will also

be important to discover what proportion of business in the contract is purely inter-professional and how much is from end-users.

Mr Bolton said: "Interest has been high and we seem to have been seeing a high level of genuine business and have detected very few, if any, cross transactions purely to boost volume." Crossing occurs when brokers execute a purchase and sale simultaneously, dealing within the spread and thus boosting volume without incurring exposure.

Yet although initial indica-tions are favourable, Liffe offi-cials sounded the occasional note of caution, chastened per-haps by the exchange's experi-

ences with the penultimate contract on JGBs which was launched with even more fan-fare and optimism than was seen yesterday but which is now languishing, with an average of only 600 to 800 contracts traded daily.

However, Mr Michael Jen-kins, Liffe's chief executive, was quick to point out the many distinctions between the two contracts.

These range from the most obvious features such as the vastly different time zones of the respective cash markets, to more arcane aspects such as the fact that the JGB contract is cash-settled while the Bund contract has physical delivery. Although the percentage of

contracts which actually go through to delivery is negligible, physical delivery has been shown to provide a further

shown to provide a further boost to liquidity because it facilitates arbitrage between the futures and cash markets.

The JGB contract has also been hit by falling volumes in both the cash government bond markets and in the Euroyen sector. Trading of derivatives on exchanges dis-tant from the centres where the main business in the underlying securities takes place has not had a good record and this has been cited as one of the main problems of the Liffe JGB contract.

Nevertheless, this is not an obstacle expected to be encountered by the Bund contract, which has a thriving cash mar-ket in German government bonds on its doorstep. At most times of the year, the main Frankfurt market place is only an hour away time-wise; and, more important, is the fact that a substantial proportion of turnover, possibly as much as 50 per cent, is London-based.

German banks have expressed great interest in the Liffe contract but their level of participation may well be restricted by constraints of a political, rather than an eco-nomic, nature. Some senior figures in the German financial community have expressed their annoyance that Liffe is proceeding with a contract which belongs by rights in

Frankfurt. Unfortunately, the German futures exchange, a computer-based system known as the Deutsche Terminboerse (DTB) has been held up by outdated German gambling laws and is not expected to be in action until December 1989.

By that time, Liffe hopes its
Bund contract will have suc-

cessfully reached a high level of depth and liquidity. Active start, Page 43

Schneider buys into bank SCHNEIDER, the French treasury management and

RISES AND FALLS YESTERDAY

heavy engineering group, has acquired 51 per cent of G. Morhange et Cle, one of 24 special-ist French money market banks. Company officials declined to give financial details of the deal, Reuter

reports. Schneider said the purchase was intended to improve its

other financial operations and to support the development of The stake was hought mainly from majority family interests. Crédit Commercial de France and Banque de l'Union Européenne will each

keep a 10 per cent stake in Morhange,

LBO fund from Manny Hanny

By David Lascelles

MANUFACTURERS Hanover Trust of New York has set up a \$1bn leveraged buy-out bridge fund. It will provide bridge financing for non-hostile leveraged transactions requiring at least \$500m until permanent funding is arranged.

Fed admits Yamaichi

yesterday became the seventh Japanese firm to be admitted by the New York Federal Reserve Board as a primary dealer in the US Government bond market, along with County NatWest, Deborah Hargreaves writes from New York. The inclusion of Yamaichi in the elite rank of dealers

YAMAICHI International

authorised to deal directly with the Fed when it buys and sells government securities is a sign that tensions are easing over access by US firms to Japanese financial markets. In response to US pressure, Japan announced plans earlier this month to open further its pri-mary market in Government bonds to foreign underwriters.

LONDON MARKET STATISTICS

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FT-ACTUARIES SHARE INDICES These indices are the joint compliation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries Wed Sep 28 Tue Sep 27 Mon Sep 26 **EQUITY GROUPS** Thursday September 29 1988 Est: Gross Earnings Div. Vield% (Max.) (Act at (25%) & SUB-SECTIONS Est. P/E Ratio (Net) Figures in parentheses show number of Day's Change % ladex No. index No. index No. Hojex No. +0.4 +0.6 +0.5 +0.5 10.84 12.30 4,20 4,42 3,68 11.46 10.64 10.92 28.19 788.54 782.46 774.17 1988.72 24.47 977.70 971.61 943.66 1263.34 34.17 1551.62 1541.19 1534.51 1857.01 791.40 983.91 2 Building Materials (29) 3 Contracting, Construction (37) 4 Electricals (12) 24.47 977.50 977.61 93.66 1283.34 34.17 1551.62 1561.19 1534.51 1857.91 54.89 1283.58 2169.99 1283.27 2547.40 40.42 1795.21 1599.95 1556.71 2152.86 18.86 486.59 481.91 475.76 587.66 18.86 486.59 481.91 475.76 587.66 18.87 1752.87 1336.19 1322.55 1333.8 28.44 1853.65 1853.64 1866.84 1376.85 22.96 1355.14 1316.86 1310.86 1224.49 18.91 947.35 946.24 953.46 1092.39 38.76 1831.62 1846.44 1847.75 2564.86 18.81 1857.92 1882.38 1847.75 2564.86 18.81 1857.92 1882.38 1847.85 2534.54 18.81 1857.92 1882.38 1847.85 2534.54 18.81 1857.92 1882.38 1329.89 1499.19 18.89 1543.6 1339.86 1329.89 1499.19 18.89 1543.6 1359.86 1359.89 1499.19 18.49 1947.85 487.36 494.71 1915.99 21.98 893.13 1863.56 187.82 1837.29 1739.85 18.21 1852.48 1857.82 1837.29 1739.85 36.89 1864.98 953.48 1856.62 2592.77 28.38 944.99 1953.46 1855.62 2592.77 28.38 954.99 1854.46 1856.62 2592.77 28.38 954.99 1854.46 1856.62 2592.77 28.38 954.99 1854.46 1856.62 2592.77 28.38 954.99 1854.46 1856.62 2592.77 28.38 954.99 1854.46 1856.62 2592.77 28.38 954.99 1854.46 1856.62 2592.77 28.38 184.99 1854.46 1856.62 2592.77 28.38 954.99 1854.46 1855.52 2592.77 28.38 184.99 1854.46 1855.62 2592.77 28.38 184.99 1854.46 1856.62 2592.77 28.38 184.99 1854.46 1856.62 2592.77 28.38 184.99 1854.46 1856.62 2592.77 28.38 184.99 1854.46 1856.62 2592.77 11.93 9:17 1559.96 3.65 13.34 12.35 12.47 9.91 12.12 13.35 12.12 13.75 14.23 14.75 14.24 14.16 11.87 14.92 14.92 14.92 14.93 11.97 11.97 5 Electronics (28) 6 Mechanical Engineering (58) 8 Metals and Metal Forming (7) 19.42 19.53 9.91 11.64 9.62 9.43 10.36 9.19 9.41 6.89 9.91 10.24 8.85 11705.43 +8.5 4.32 3.94 4.71 4.55 3.77 3.68 3.72 3.68 2.62 3.76 4.84 4.57 5.49 4.46 4.57 4.46 4.57 4.46 4.57 4.46 413.49 8 Metals and Metal Forming (7) 9 Motors (16) 10 Other Industrial Materials (23) 21 COMPANY (ERGUP (185) 22 Brewers and Distillers (21) 25 Food Manufacturing (21) 26 Food Retailing (16) 27 Health and Household (12) 29 Leisure (30) 31 Packaging & Paper (17) 32 Publishing & Printing (18) 34 Stores (34) 35 Textiles (16) 40 OTHER GROUPS (93) 41 Agencies (19) 42 Chemicals (21) 43 Conglomerates (13) 45 Shipping and Transport (12) 47 Teipphone Networks (2) 48 Mispellaneous (26) 498.56 281.17 1342.96 1063.88 1141.44 962.85 1834.96 T##2.48 1364.81 536.85 3358.93 11.08 13.71 11.18 8.64 12.07 10.26 11.85 11.41 N.65 594.39 899.60 1861.62 1057.29 7291.56 1923.50 973.34 49 INDUSTRIAL GROUP (488) .. 51 011 & Gas (12)_____ 4.38. 4.38. 5.14 6.42 5.24 - 5.80 - 5.80 - 10.12 4.21 1.557 2.75 2. <u>59| 500 SHARE INDEX (500).</u> 61 FINANCIAL GROUP (121). 68 Merchant Banks (69 Property (50) 70 Other Financial (30). 71 Investment Trusts (78) .. 81 Mining Finance (2) 91 Overseas Traders (8) Day's Day's Sep Sep Sep Sep Sep High Lone 28 27 26 23 220 1829.0 +16.5 1829.0 1815.7 1812.5 1808.0 1792.7 1792.4 1788.7 2373.8 FT-SE 100 SHARE INDEX 4...... FIXED INTEREST Wed Sep 28 9.75 9.41 7.11 10.13 9.63 9.27 10.23 9.79 9.33 9.68 9.76 9.45 9.15 18.99 9.71 9.47 18.26 9.82 9.36 9.10 9.60 9.90 9.71 10.33 10.16 9.92 10.48 18.33 9.96 9.94 9.35 119.47 +0.89 119.36 9,99 136.38 +0.23 136.06 2 5-15 years

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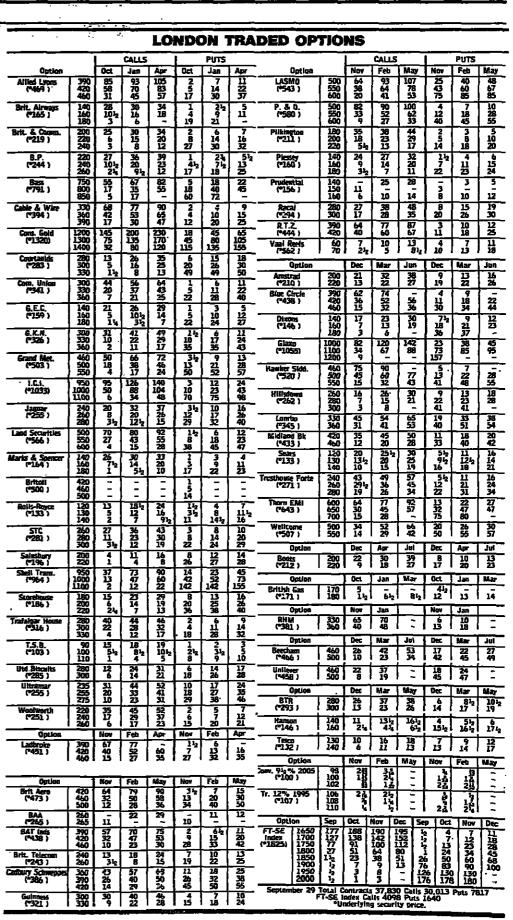
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United Newspapers advances to £53.5m

By Clay Harris

UNITED NEWSPAPERS, publisher with interests ranging from the Daily Express and Punch to the Extel financial news service, yesterday reported a 10.7 per cent rise to £53.6m in pre-tax profits for the six months to June 30.

However, earnings per share fell by nearly 8 per cent to 18.6p (20.2p), and the shares closed 8p lower at 390p.

In spite of the slippage in continuous lower at 30p.

earnings. largely reflecting the issue of shares to buy Extel in the middle of last year, the interim dividend is increased to 7.5p (7p).
Of United's UK national

newspapers, circulation of the Daily Express was marginally up but those of the Star and Sunday Express were down. The advertising picture was mixed, with flat revenues from

national newspapers, but increases from regional titles Although still profitable, Extel's sports service to betting shops suffered from com-petition with Satellite Infor-

mation Services, the live telecast company which is partly owned by the big four United said financial advertising and the use of information services, particularly in the US, was still showing the

effects of the October crash. On turnover of £372.8m (£336.5m), trading profits rose to £54.7m (£49.9m). There were increased contributions from related companies and invest-ment income, and net interest payments fell to £2.77m

The estimated tax charge was £18.2m (£17.2m). and there were extraordinary credits of £957,000 (£1.83m).

Saatchi share offer Saatchi and Saatchi, advertising and business services group, is to issue 1.56m shares in Tokyo at 338.3p. The offering opened yesterday and will close on October 3. In London, Saatchi shares added

First-half advance of 56% boosts TV-am to £7.82m

By Flona Thompson

TV-am, the breakfast television station, yesterday reported a 56 per cent advance in pre-tax profits from £5.02m to £7.82m for the six months to July 31

Despite the difficulties of the past year, Mr Ian Irvine, chairman, said he was confident that TV-am would continue to develop and "be in the forefront of British television in the future.'

TV-am in March dismissed 232 ACTT technicians for refusing to agree changes in working practices. The technicians had been locked out since the previous November, with management doing their jobs. The Independent Broadcasting Authority this August sum-moned TV-am's management to a specially convened meeting to discuss areas of concern and Mr Bruce Gyngell, TV-am's managing director, gave assurances on action the sta-

The IBA followed this up with a letter saying it wished to see proposals for substantial improvement in four areas -

expanding leisure and property group, yesterday was poised to make a full takeover bid for Local London Group after a

further swoop into the market

for more shares.

James Capel, stockbrokers,

during the afternoon bought

for Brent Walker 2.07m Local London shares, lifting the

Brent Walker stake from 14.9 per cent to 24.99 per cent. No comment was immedi-

ately available from Local Lon-

don, a property company spe-cialising in the provision of

serviced offices, but in recent

days Mr George Walker, Brent chairman, has had two meet-

Brent Walker is presenting its acquisition of the stake as a

strategic investment, but the

Acquisitions made in 1987

enabled Whittington, metal

fabricator, to boost pre-tax

profits to £269,000 (£81,000) in

ings with Local London.

Brent Walker poised for

LLG bid after share raid

BRENT WALKER, the stock market believes a full expanding leisure and property scale bid is likely to follow the

By Paul Cheeseright, Property Correspondent

Acquisitions lift Whittington

regional coverage, weekend news bulletins, children's programmes and programme pre-

Mr Gyngell provided these detailed proposals, the IBA said the suggestions were help-ful and it would judge their effectiveness by what appeared on screen. The IBA confirmed yesterday that it would be reviewing TV-am's perfor-mance again in November, senior staff would be monitoring output over a two to three week period and submitting

Mr Irvine stressed yesterday that the IBA had never said that TV-am was at risk of los-ing its franchise. The IBA con-

Turnover rose from £24.07m to £28.83m. The Exchequer levy was £4.76m (£3.15m), investment income contributed \$866,000 (£521,000) and the tax charge was £2.84m (£178,000).

Earnings per share were 7.6p (7.4p) and an interim dividend of 1.5p (1.0p) was declared.

group's two swoops on the

market. The latest buying has been done at a price of 550p for each Local London share. This

is the same price at which Brent Walker was buying a

week ago and compares with a

Wednesday closing price of 525p. Yesterday evening Local

London shares settled at 550p.

Local London has a stake of 25.3 per cent in Marina Devel-

opment Group, the largest marina operator in Britain and the point at which Brent

Walker and Local London

interests meet. In response to Brent Walker's foray in the

market, the Marina Develop-

ment shares rose 15p to 420p. Brent Walker shares closed

the first half of 1988. Turnover

more than doubled to £5.99m. Earnings were 1.2p (0.3p), the interim dividend 0.2p (nil).

4p higher at 356p.

The City was pleased with

these results and marked the shares up 7p to 153p last night. With virtually all turnover coming from advertising revenue. TV-am's 20 per cent increase is a sight better than the industry's 15.7 per cent rise, and boosts its share of total network ad revenue from 3.83 per cent to 3.95 per cent. Having been shown the yellow card from an IBA keen to flex its muscles, TV-am is clearly doing what was needed and should not feel unduly worried about November. The savings on technicians' salaries has provided the increased funds for programmes and regional

expansion, but must also have given a boost to the cash pile which stood at £22m halfway. The end of the tax holiday has depressed earnings growth this time but should sort itself out by the year end. Analysts are looking for full year pre-tax profits of £18.5m, putting the shares on a prospective p/e of 8.5, relatively cheap on its

FAI Insurances gains 14.9% of **Goode Durant**

By Ray Bashford FAI Insurances, the insurance

and investment group con-trolled by Australian entrepre-neur Mr Larry Adler, has acquired a 149 per cent hold-ing in Goode Durant, industrial and financial management company. Control of the stake is under

stood to have been transferred as part of the fall out from a deal last month between Mr Adler and Ariadne Australia which was hit heavily by the October stock markets crash.

Through that deal, Mr Bruce Judge regained a 19.9 per cent holding in Ariadne from Mr Adler who had stepped in to buy control of the company in the wake of the crash.

The stake in Goode Durant is part of a 17.8 per cent interest which remained after Mr Judge reduced his holding from 41.5 per cent in September last

The balance of the 17.8 per cent holding has been placed with unknown buyers.

Quadrex sues two **brokers**

By Clay Harris

THE YEAR-LONG uncertainty over the future of M.W. Marshall, the world's second largest money broker, and William Street Holdings, a US government securities broker, took a new turn yesterday when Quadrex Holdings said it had filed suit in London against the two companies and their

Quadrex, US parent company of a London securities firm headed by Mr Gary Klesch, claimed the defendants had been "Instrumental in obstructing or frustrating" its acquisition of the two compa-nes from British & Common-

wealth Holdings.

B&C, which still owns the two wholesale broking operations, is not named in Quadrex's suit. Its own legal action against Quadrex, filed in February after Quadrex folled to complete the 5220m. in February after Quadrex failed to complete the £280m purchase of the two operations, is still pending.

Quadrex said it was seeking damages in relation to the losses it had incurred as a result of being prevented from making the acquisition of the two companies, which were making the acquisition of the two companies, which were formerly part of Mercantile House Holdings. Quadrex said last night that

its proceedings "allege con-spiracy, interference with con-tractural rights and intent to injure Quadrex's commercial interests." They also allege that B&C was "induced by the defendants to commit breaches of the acquisition agreement and to repudiate it or bring about its commercial frustra-

In addition to the two subsidiaries, Quadrex also named Mr Michael Knowles, Mar-shalls chairman, and Mr Vincent Griffo, William Street chief executive, as defendants.

Adwest 30% ahead despite loss in general engineering

ADWEST GROUP, diversified engineering and property group, boosted pre-tax profits by 30 per cent to £13.5m during the year to June 30.

Directors also announced a one-for-one scrip issue and a sharp increase in the final dividend. Earnings per share advanced 31 per cent to 29p
Adwest relied heavily on
improved results at its automotive engineering and industrial and commercial property development operations and these easily offset a slide into the red at the general engineer-

ing division. Higher orders from Euro-pean car makers added in pretax profit of £3.6m (£1.9m) at the automotive engineering division, while an increase in returns from related companies to £3.2m (£1.8m) was largely due to a 50 per cent stake in a housing development group.
Reorganisation at the general engineering division came too late to avert a £202,000 loss (£1.1m profit). A reduced order book was reflected in a fall in pre-tax profits at the defence division to £1.7m (£2.4m).

Turnover advanced 10 per cent to £97.9m (£88.6m) and profits on continuing operations were 213.5m (£11m). Mr Michael Waller, chief executive, said the scrip issue had been made because he believed it would be a "reward to loyal, small shareholders." They will also receive a final dividend of 9.27p (7.6), lifting the total to 11.75p (9.4p).

• COMMENT The scrip issue will do nothing to dampen speculation that Adwest could be an attractive

port of small shareholders (with 25,000 shares or less), who hold 20 per cent of the capital. As the latest results indicate, the group's fortunes are linked strongly to the house market, an area of particular interest at present. However, higher sales to West German car makers and an improved order book for the defence division would help to counter any downturn in the housing and other property operations. The board is intensifying efforts to improve the performance of general engineering but there is a long way to go before it makes anything approaching a satisfactory return and a more aggressive approach from management could be called for. Assuming me-tax profits of £15.5m, Adwest's prospective p/e of 10.3 is fair but holds a strong speculamore

bid

Dixons shares fall after chairman's statement

By Maggle Urry

SHARES OF Dixons, the electrical retailer, fell 7p to 144p yesterday, largely in reaction to the annual meeting statement from Mr Stanley Kalms, chairman and chief

He said, "Dixons' and Currys' trading continues to be dif-ficult, although the outcome for the year as usual remains dependent on Christmas

"Our other divisions are per-forming well," he continued, "with the exception of the film processing mail order division which suffered a temporary setback as a result of the recent post office dispute."

Dixons' pre-tax profits for the year to end-April had shown a rise of less than 1 per

per share fell from 19.5p to 16.4p. When the results were announced in July Mr Kalms had said there were signs of a more positive trend.

cent to £108.1m, and earnings

Audio Fidelity Audio Fidelity more than

doubled pre-tax profits from 2619,000 to £1.33m in the year to June 30 on turnover shead 27 per cent at £10.76m. A final dividend of 1.25p is recommended, making a total of 1.5p for the year. Earnings moved up from 7.1p to 16p per

10p share. The directors of the company, said that while contin-ued organic growth was antici-pated, substantial growth in earnings would be enhanced by acquisitions.

Capital and Regional 75% ahead

Capital and Regional £173,503 to £302,794 for the six Properties, USM-quoted property investment group, lifted pre-tax profits 75 per cent from the six were 1.75p (0.95p) and the interim dividend is 0.2p.

SE executive overruled in Canal dispute

By Ian Hamilton Fazey, Northern Correspondent

THE EXECUTIVE of the Stock Exchange has been overruled by the full Quotations Panel on

the crucial who-can-vote dispute over the future of the Manchester Ship Canal Company.

The decision means that controversial proposals to restructure the company are almost certain to go through when yesterday's extraordinary gen-

eral meeting resumes next The meeting was adjourned yesterday at the request of the Stock Exchange after claims from opponents of the restructuring that the postal strike had delayed small shareholders'

The adjournment was expected to be a simple and speedy formality, but the revelations about the Stock Exchange ruling meant that the process took 2 hours 17 minutes of acrimonious debate and flowing

They started after Mr Grahame Elliott of the Small Shareholders' Protection Association asked Mr Robert Hough, the prominent Man-chester solicitor who chairs the company, to confirm that the executive of the Stock Exchange had on Monday ruled confidentially that Great Hey Investments, the controlling shareholder, should abstain from voting over the

restructuring proposals.
Great Hey is owned privately by Mr John Whittaker, the

Beazer sells three Koppers units for \$48m

By Philip Coggan

Beazer, the construction and

aggregates group, has sold three of the units of Koppers, the US aggregates and chemi-cals business which it acquired for \$1.7bn earlier this year.

The three units, which were sold for a total of \$48m (£28.5m), were the coatings

division, Keystone Environ-mental Resources and Kopvenco, a venture capital organisation. Negotiations were also tak-

ing place on the sale of three further units, Koppers Interna-tional Canada, Ivy Steel and Wire, and Meadow Steel Prod-

Beazer still hopes to

announce the disposal of Kop-

pers' chemicals business. A \$660m sale via a management buyout was abandoned in July.

Lancashire property developer who won the bitter takeover battle for the canal in 1987. Restructuring would increase his influence by removing Manchester City Council's statutory right to a boardroom majority of one.

The minority shareholders, who are led by Mr Nicholas Berry of Harrap, hoped that the councillors, would hamper. Mr Whittaker, but the council is supporting the move in return for repayment of a £7m depenture and £3m from the future profits of a joint property development company it

is forming with Great Hey. Mr Hough confirmed that abstain, but then delivered what was clearly a stunning blow to Mr Berry and his sup-porters - he had appealed to the Quotations Panel on Wednesday and the executive

had been overruled.

He said the Panel had accepted that Great Hey was not a beneficiary, but the not a beneficiary, but the underwriter of the whole restructuring proposal. It was taking a big risk and assuming a liability. The prima facie case accepted by the exchange's executive had evaporated once this had been explained.

Mr Berry asked Mr Hough

Mr Berry asked Mr Hough how he could have appealed in the capacity of a chairman representing the interests of all shareholders, when he was really a front man for Mr Whit-taker. To loud applause, he accused Mr Hough of a serious pause. This went against the conflict of interest. Mr Hough took strong excep-tion to this. He was his own man, writing his own letters. "Mr Whittaker does not even

read them," he added.
"You will be judged by your acts. Either you are naive or you are not telling the truth," Mr Berry retorted.

Mr Hough defended the com-

pany's marked progress since hew joint property develop-the takeover and attacked a ment company before early myth of mistrust that has been October, it will have to go for placed around Mr Whitiaker on placed ground air windsher on a personal basis," when he was actually highly respected by Government and the City. Mr Whittaker, who says he develplined toughness and team-work by playing rugby for Fylde, sat embarrassed and

lent on the platform. Long exchanges about adjournment of the meeting were resolved when Mr Hough voted nearly 50,000 general proxies in favour of a one-week

shareholders on the floor of the meeting for a three-week break before resumption of hostilities. Mr Hough revealed that

there was a plot behind the

rush - a large plot of land owned by Manchester City Council in Wythenshawe, if the city cannot sell this to the auction. Mr. Graham Stringer, the council leader and a director of the ship canal, said later that recent experience had been that lower prices were council wanted the deal to be

Mr Berry and his advisers retreated. They are to ask the Stock Exchange why they were not allowed to argue their case to the full Quotations Panel and may press for the hearing to be re-opened.

rund

The Quarterly Report as of 30th June America 1988 has been published and may be obtained

Pierson, Heldring & Pierson NV Herengracht 214, 1016 BS Amsterdam. Tel. + 31 - 20 - 211188

After a successful first half, we look forward to unveiling even better news at the year end.

1988 is likely to be the most significant and successful year in the company's 10 year

In the UK, three major purchases since January are expected to impact very materially on the value of the portfolio at the year end.

USA operations in Gary, Indiana and East Chicago are also showing very satisfactory results and should contribute substantially to net asset value this year.

The company is soundly based, with

interest costs covered by existing rental income, even though much of the portfolio is currently let at rents below open market levels.

We look forward to the year end, with a most satisfying growth in net assets in prospect. Unaudited first half results show pre-tax

profits up 75% at £302,794 (1987 first half: £173,503) and earnings per share up 84% at 1.75p (1987 first half: 0.95p).

The Directors have declared a doubled interim dividend of 0.2p per share.

Thom Robinson in £8.5m buy THOMAS ROBINSON Group,

the engineering mini-conglom-erate, yesterday announced an £8.5m acquisition.

Robinson is purchasing, from Simon Engineering, the Simon Milling Machinery Com-panies, manufacturers and contractors of plant and equip-ment for the cereal milling and animal feed milling industries.

The acquisition will be financed by an issue of 2.43m shares at 360p a share.

International investors in commercial property **Interim Report 1988**

Six months to 30th June Year 1987 £000's £000's £000's Net Rental Income 13,556 12,077 25,419 **Investment Profit** 6,538 5,591 12,172 **Profit before Tax** 7,690 6,041 13,204 Six months' figures unaudited

☐ 27% increase in profit before tax ☐ 17% increase in investment profit

☐ Interim Dividend 3.50p per share – up 17%

A copy of the full Interim Report, which has been sent to all shareholders, may be obtained from: The Secretary, 22-24 Ely Place, London ECIN 6TQ.



Capital and Regional Properties plc 22 GROSVENOR GARDENS, LONDON SWIW 0DH Telephone: 01-730 5565.

UK COMPANY NEWS

Minorco sees no reason for bid to go to Panel

Minorco's £2.9bn bid for Con-solidated Gold Fields to be referred to the UK Monopolies Commission, Mr Roger Phili-more, one of the new Minorco executive team, insisted yester-

day.
The UK Labour Party has been campaigning for an inquiry on the grounds of public interest because more than 60 per cent of Minorco's shares are held by South Africans. It claimed last week that, if the hid was successful, South African investment in the European Community would dou-

Mr Phillimore said yesterday: "We do not think that there is any basis for referral There are no competitive

He also denied it was a highly leveraged bid. Minorco could take its shareholding in Gold Fields up to nearly 50 per cent (from the present 29 per cent) by using its own ready cash and to 70 per cent by issu-

ing shares.
The London stock market yesterday appeared to be more confident that the UK authoriwould not intervene and the Gold Fields share price moved up another % to £13%. This followed a 37.5p jump on Wednesday, prompted by rumours from Johannesburg that Minorco would make an all cash offer of at least £14.50

With the Minorco shares at 705p each last night the offer is worth just over £13 Gold Fields

Meanwhile, Mr Rudolph Agnew, chairman of Gold Agnew, contribute of contribute board of Anglo American
Corporation, part of the Oppenheimer family empire which with its sister company, De Beers, controls about 60 per cent of Minorco.

His letter to Anglo again raised the issue of Minorco's apparent about-face over some

key shareholdings in the Gold Fields' portfolio.

Mr Agnew recalled that Minorco said when making its offer that, if it was successful, it would sell Gold Fields' 38 per cent shareholding in Gold Fields of South Africa (GFSA) and reduce its interest in New-mont Mining, the US gold pro-ducer of which Gold Fields owns 49 per cent.

However, until the bid came along, Anglo had encouraged Gold Fields to retain its shareholding in GFSA and had fully supported Gold Fields' rescue of Normant Free and Part of Newmont from an unwel-come takeover approach last

A delegation from Gold Fields yesterday took up Wednesday's invitation from Lord Young, the UK Industry Secretary, to meet officials at his department to discuss the possibility that there had been a massive leak of inside information in advance of Minorco's announcing its offer.

Frogmore surges to £39.5m

By Paul Cheeseright, Property Correspondent

FROGMORE ESTATES, the property investment and trading company which over the past two years has been restructuring its portfolio, has lifted its net asset value per share by 65 per cent to 463p.

Pre-tax profits, which the company had foreshadowed would be "executional" was to

would be "exceptional," rose to £39.5m in the year to June from a restated £15.8m last

These results helped push the market price of the shares up 17p to 422p in a generally

boosted by the valuation of office properties acquired in Holborn – which have subsequently been refurbished and relet – and helped by the general increase of property values, was higher than that of most property groups, although comparisons are difficult because of different year ends

At the company's year-end its investment portfolio was valued at £186m and net assets totalled £182m.

The pre-tax figure comprises the sale of both dealing and investment properties and

Clinton Cards improves

Trading profits at Clinton Cards increased from £123,000 to £166,000 in the six months to July 30, but with the inclusion last time of a £94,000 property contribution, the pre-tax bal-ance fell to £151,000, against

Tal dispu

£197,000 previously.

With turnover up 54 per cent to £7.63m, the interim results

reflect the fact that sales are very much higher in the sec-ond half. The results are the first since Clinton joined the

USM in April.

The first-half tax charge was £53,000 (£36,000) and earnings per 10p share came to 0.8p (1.4p). The interim dividend is rental income of £12m. Sale of investment properties realised £11.9m before taxation. Frogmore classifies any property held for more than two years as an investment property.

Earnings per share, exclu-ding any input from the sale of investment properties were 42.8p, against 28.2p in 1986.87, and covered prospective divi-dend payments more than four

times.
Shareholders are to receive a final dividend of 7.7p, making a total for the year of 10p, compared with 8.608p last time. At the year end Frogmore had £22m of debt, but this has now increased to around £40m. The company has £150m of facilities in place. Progmore is seeking to build

a portfolio in which there are ready opportunities to increase the value of individual properties, so a steady flow of sales and acquisitions is expected to continue. By working the portfolio we should secure above average growth," said Mr Phillip Davies, the manag-ing director.

well above bid price

Pittard shares rise

SHARES in Pittard Garnar jumped 39p to 217p yesterday, well above the value of the £40.7m hostile bid launched late on Wednesday by its fellow leather group, Strong &

Fisher.
The Office of Fair Trading meanwhile, confirmed that it was studying the bid. In 1986, an offer by Strong for Garnar Booth, one of the current target's predecessor companies, was referred to the Monopolies and Mergers Commission.

However, Strong abandoned the bid before the commission had a chance to report, and Pittard subsequently took over Garnar after a battle with Hillsdown Holdings, the diver-sified industrial and consumer

products group.

Hillsdown, which emerged with a 16 per cent stake in Pittard, may play a key role in the outcome of the latest offer. Hillsdown said yesterday that it was "watching develop-

Regulatory scrutiny is likely to focus on the UK sheepskin market. Strong is estimated to have between 25 and 30 per cent of the sector, with Pittard not far behind.

Pittard Garnar Share price relative to Strong and Fisher share price

Any prospect of Hillsdown mounting a "white knight" bid for Pittard is complicated by its third-place ranking in the same market.

85

In addition to citing monopolies questions, Pittard said the offer price represented an "insignificant premium" and there was no case for a merger.
Strong shares fell 12p to
248p, valuing the offer for Pittard at 189.4p. Strong is offering three shares and £11.50 in cash for every 10 Pittard

Corres - Total

Total

DIVIDENDS ANNOUNCED

Current Date of ponding for

	payment	payment	dividend	year	year
Advestfin	9.72		7.6	11.75	9.4
Albany knv Tstint	0.7	Oct 17	0.65	-	2.25
Audio Fidalityfin	1.25†	Nov 24	-	1.5	0.5
Bousteadint	0.31	Nov 14	0.1	-	0.5
Brixton Estateint		-	3	-	7.8
Caird Groupfin	3	-	0.5	4	0.5
Cap & Regional Sint	. 0.2	Nov 11	0.1	-	0.3
CI Groupint	0.7f	Jan 3	0.525	-	1.375
Clinton Cards §int	1	Nov 11	-	-	-
Colreyfin	0.85	·-	-	0.85	-
Dowding & Willsfin	1.29†	Nov 3	1.12	2	1.76
Frogmore Estatesfin	7.71	Nov 11	6.468	10	8.608
Geestint	2.25t	-	1.9	-	4
Hay (Norman)Int	0.66	Dec 5	0.567*	-	1.667*
Headlam, Sims	0.75	Oct 25	nil	-	1
Throgmort Dual!in	• 4	-	3.5	6	5
Time Productsint	2.5t	Jan 6	1.75	-	4.6
TV-am §int	1.5	-	1 '	-	4.5
Utd Friendly §int	9.6	~	8	-	25
Utd Newspapersint	.7.5	Nov 2 .	7	-	19
Whatman Reeveint	1.5	~	1.2	-	4
Whitingtonint	0.2	~	riji	-	0.2
World of Leatherint		Nov 14	-	-	3.2

Dividends shown pence per share net except where otherwise stated. Equivalent after allowing for scrip issue. fOn capital increased by

FROGMORE ESTATES PLC Highlights from the results for the year ended 30th June 1988

RECORD PRE-TAX PROFITS OF £39.5m

Pre-tax profits

 from trading activities from investment property sales

£27.6m £11.9m £39.5m + 149%

£26.5m Total profit after taxation

Final net dividend of 7.7p making a total for the year of

10.0 p + 16%

Net asset value per share

463p + 65%

Investment portfolio valued at £186m, up 47% Opportunity investments represent 73% of portfolio

Trading activities successfully expanded and diversified to create future profits

Notwithstanding present uncertainties, we are confident that substantial growth in assets will continue.

The Company's Report and Accounts will be available during October. To obtain a copy please write to: Frogmore Hall, Watton-at-Stone, Herts. SG14 3RW. Tel: (0920) 830033.

Brixton Estate rises to £7.69m

. Pre-tax profits for the six months to end-June were £7.69m compared with £5.04m in the first half last year and £13.2m for the whole of 1987. Earnings per share rose to 6.95p (5.34p) and the interim dividend is lifted to 3.5p, against 3p last time.

The group specialises in industrial property, largely in

The industrial property sector in the UK has been per-forming strongly with returns outstripping those of offices and retail property. This was reflected in the growth of net rental income, which rose to £13.56m (£12.08m). Brixton lifted property deal-

ing profits from £450,000 to £1.15m following sales of prop-

BRIXTON ESTATE, property development and investment group, continued its steady profits rise during the first half on the back of a strong industrial market.

The south east of England, erty on London's North Circular Road, although such a doubling would not necessarily be repeated in the second half. The basic sources of Brixtial market.

in the current period as during

the first six months, although developments in High Wycombe and in west London will start producing rental revenue. Over the longer term, proposals for a 160 acre mixed evelopment at Hersham in Surrey are likely to be the subject of a planning enquiry next

STC offshoot in Danish deal

ICL, informations system subsidiary of STC, has acquired a 50 per cent stake in Regnecentralen; Danish com-

The deal marks the second European joint venture agreement announced by ICl this week, the first being with a Spanish software house.

Mr Tomo Razmilovic, ICL European president, said that similar agreements could be expected as ICL sought to strengthen its position in preparation for the completion of the EC's internal market.

The partnership with RC, supplier of packet-switching networks and micro and min computers, will create a Danish unit with over 700 employ ees and a turnover of DKr 600m (£50m).

The Danish company,

Pierson, Heldring & Pierson NV. Herengracht 214, 1016 BS Amsterdam. Tel. + 31 - 20 - 211188

1988 has been published and may be obtained

The Quarterly Report as of 30th June

founded in the late 1950s, has consistently failed to generate sufficient profits to build up a marketing and sales apparatus to match the technical excel-lence of its products.

RC made substantial losses of about DKr 30m in both 1986 and 1987, but expects to come close to break even in the current year and in partnership with ICL should make a sub-

stantial profit in 1989.

The merger will take place by a doubling of RC's share capital to DKr 140m. ICL will acquire the new capital at its nominal value.

The company will operate under its Danish name while ICL will supply management know-how under a five-year management agreement.

nce with the requirements of the Council of The Stock Exchange, it does tailing to the Bublic to subscribe for or accordance

NSM plc Registered in England No. 178633

Issue of 34,280,120 Convertible Cumulative Redeemable Preference shares of 10p each and 25,014,117 Ordinary shares of 10p each in connection with the proposed acquisition of

Bison Holdings Limited

The Council of The Stock Exchange has granted permission for the above mentioned securities to be admitted to the Official List. Listing Particulars relating to the above mentioned securities are available in the Exall statistical services and may be obtained up to and including 4th October, 1988 from the Company Amouncements Office, The Stock Exchange, 46-50 Finabury Square, London EC2A 100. Copies of the Listing Particulars will be available for collection during normal business hours on any weekday (except Saturdays) up to and including 20th October, 1988

NSM pic **Carlton House** Carlton Road Worksop Notts S81 7QF

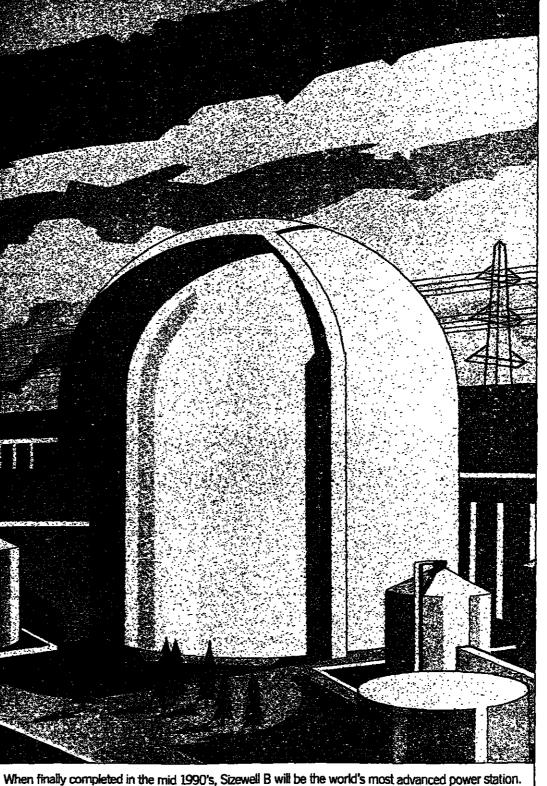
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Robert Fleming & Co, Limited Chase Investment Bank Limited 25 Copthall Avenue Woolgate House 25 Copthall Avenue London EC2R 7DR Member of T.S.A. and I.S.E.

London EC2P 2HD

30th September, 1988

GIVING OUR CHILDREN MORE ENERGY



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For more information please write to: Tim Sharp, Head of Corporate Communications. BICC plc, Devonshire House, Mayfair Place. London W1X 5FH.



ENGINEERING TOMORROW'S

U.S. \$500,000,000 The Republic of Italy Floating Rate Notes

due 2005 In accordance with the provisions of the Notes, notice is hereby given that for the interest Period from September 30, 1988, to October 31, 1988, the Notes will propose the provision of State and Carry an interest period State and carry an interest rate of 8½% per annum. The interest payable on the relevant interest payment date, October 31, 1988, will be U.S. \$73.19 per U.S. \$10,000 nominal amount in Bearer (Cou-port No. 38) or Registered form and U.S. \$1,829.86 per U.S. \$250.000 denomination in Bearer form (Coupon No. 38).

By: The Chase Menhattae Bank, N.A. Louden, Agent Bank 0 September 30, 1988

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FINANCIALTIMES

Republic of South Africa

Floating Rate Notes 1984/1989

The Rate of Interest applicable to the Interest Period from September 30, 1988 to March 29, 1989, inclusively, was determined by Dresdner Bank AG (London Brauch) as Reference Agent to be

9% per cent per annum. Therefore, interest per Note of U.S.S 10,000 principal amount is due on March 30, 1989, the relevant Interest Payment Date, in the amount of U.S.

Frankfort am Mala,

UK COMPANY NEWS

TR stresses role of independents

Philip Coggan on an investment trust's move to resist takeover

I S THE future of the invest-ment trust industry under threat? It is, according to TR Industrial and General, the Touche Remnant-managed trust which is facing a 2560m bid from the British Coal Pension Funds.

TRIG is lobbying the Office of Fair Trading for the hid, the largest ever made for an investment trust, to be referred to the Monopolies and Mergers Commission. It sounds like a desperate throw from a management group which has faced attacks on one after another of its trusts, but Touche Remnant maintains that there is a serious case for

TRIG also reveals in its sub-mission that BCPF made an approach last year with a view to taking a stake in Touche Remnant itself. The current bid for TRIG would have this effect since the trust owns 27.5 per cent of the unquoted man-

Over the last 15 years, investment trusts have lost out in the popularity stakes to unit trusts. In 1975, the net assets under investment trust management were £5.67bn, compared with £2.51bn managed by

unit trusts. The ratio has now been reversed. On July 31, unit trusts managed net assets of £41.55bn and investment trusts

just £20.58bn.

However, TR argues that investment trusts are a much better vehicle for the private investor, whom the Government is supposedly trying to encourage. Statistics can be produced either way to show whether investment or unit trusts have performed better in the long term; but investment trust charges are definitely

TRIG says its management charge is about 0.2 per cent per annum, compared with an average unit trust management charge of 1 to 1.5 per cent. In addition unit trusts make a front end charge of between 5 and 7.5 per cent, whereas an investor buying shares in an investment trust would pay an average of about 1.65 per cent in commissions. Add in the fact that the hid/ offer spread on unit trusts is normally larger and the attrac-tions of investment trusts appear self-evident.

However, although the trusts have made an effort to increase their popularity through regular savings schemes, unit

trusts have two crucial advantages. They have the freedom to advertise, and to pay com-missions to intermediaries.

The lack of demand for investment trusts' shares is reflected in their discount to net asset values. That in turn represents an opportunity for institutions like the British Coal Pension Funds to take them over at a profit. A series of trusts have in

recent years been taken over or unitised in order to realise or unitised in order to realise their net asset value. This tendency, TRIG argues, diminishes the number of independent fund managers, thereby reducing the investor's choice.

"In particular," TRIG's submission argues, "many insurance companies manage unit trusts and by purchasing investment trusts....they are able to reduce significantly competition for those investment funds."

If TRIG is taken over, the

If TRIG is taken over, the submission argues, other trusts, including Globe, the largest, where BCPF owns 28.8

per cent, may not be far behind.

Mr van Geest said other

areas of the fresh produce operation suffered following the wet summer in the UK

which boosted supplies but

reduced demand.
Geest added Clipper Group,
manufacturer of fish products,
to the food preparation divi-

sion just over a year ago, but low margins held back the divi-

sion's overall margins in the

first half. Trading profits increased from £667,000 to

£1.01m on sales of £23.5m

In August, Geest bought Katie's Kitchen, chilled pizza and prepared recipe manufac-

Bond

Investment Trust Companies, will sway the OFT. The invest-ment trust industry is far from united, as demonstrated this week when River Plate & General took a 25.6 per cent voting stake in TR Australia and said it wanted to see a unitisation scheme, or some other means

of realising net asset value. The battle for TRIG may yet be decided by hard cash rather than theoretical arguments. On Wednesday, TRIG announced a planned 17 per cent full-year dividend increase and said its net asset value, as of Septem-ber 12, was 141p per share, compared with the BCPF offer of 129.5p. The trust also announced an interim dividend of 1.2p (0.8p).

TRIG's board has not pro-duced any alternative scheme, like unitisation, to allow share holders to realise the full asset value of the fund. However, the defence document says that, if the bid fails, the board will meet BCPF to discuss alterna-

tive arrangements. BCPF is expected to make a statement today and is likely to stick to its guns. On Wednesday, it said that it continued to believe that its offer

ally match the established

fresh produce operation. The division's existing businesses

increased profits by 30 per cent

and turnover by 36 per cent, so

gin performance, yet to

respond fully to management and product changes. Else-

and product changes. Elsewhere, cash flow is good — £3m of cash in the bank after the acquisition of Katie's Kitchen should grow to £10m by the end of the year — and Geest's relationship with the multiples, which account for about 43 per cent of its business, is strong. Despite this the shares, down 2p to 262p yesterday, look fairly valued. Pre-tax profits of about £17m in the

profits of about £17m in the full year would put them en a

prospective p/e of about 15,

another deterrent for potential

rved for Clipper's low-mar-

Acquisitions and organic growth lifts ČI to £2.5m

By Richard Tomkins, Midlands Correspondent

COMBINATION of acquisitions and organic growth took profits at CI Group, Wolverhampton-based steel and engineering company, up from £1.09m to £2.51m in the six months to

July 31. Mr Cedric Grew, formerly managing director and now chief executive, did not break down the profit contribution but said existing businesses had made a large contribution

Everyone in the Midlands is busy." he remarked: "We had tremendous organic growth, far above the 26 to 25 per cent

target we normally set."
Turnover was up from £17.68m to £25.87m. Shares issued for acquisitions checked earnings growth at 48 per cent, from 1.59p to 2.35p. The interim dividend is 0.7p

(0.525p). CI has regrouped its 18 subsidiaries into two divisions steel and engineering. Mr Grew will now spend more time on corporate strategy and a finance director will soon be

appointed.

Mr Grew said the steel division saw strong demand from the construction industry, its most important market, because of the buoyancy of the commercial and industrial sec-

Bipel, the largest acquisition to date, made a limited contri-bution to the engineering division's first half because of a lumpy flow of business. A big-ger contributor to the increase had been Redman Fisher. which saw a lift-off in demand for industrial gratings.

die ra

10-19-11

Man l

Mr Grew said he expected present levels of activity to continue through the second half. CI would also be spending £1m on developing J & F Poole's presence in the market for perforated metal and expanding Redman Module System's output of raised A consortium led by Mr

Ahmed Abdullah now holds 13 per cent of CI's shares, but Mr Grew believes its presence is benign. Mr Roy Kettle, CI chairman, is on the board of Evered, the conglomerate headed by Mr Abdullah's brothers, Easchid and Osman.

Geest rises 18% to over £9m at midway

GEEST, fresh produce and prepared foods group, increased pre-tax profits by 18 per cent from £7.74m to £9.16m in the 26 weeks ended July 2. Turnover also rose 18 per cent to £239m (£203m) and earnings per share were up from 8.6p to 9.3p. An interim dividend of 2.25p (1.9p) was

Mr Leonard van Geest, chief executive, said trading profits – up from £8.73m to £8.83m – had grown faster than the pre-

tax figure because of reduced exceptional gains from property and land sales, which fell from £1.01m, after restructuring costs, to £333,000.

Following a much stronger year from the banana import business for which Geest is best known, fresh produce sales increased to £210m (£189m), generating trading profits of £8.87m (£7.71m). Sales in 1987 were hit by bad weather in the Windward Islands.

BOARD MEETINGS

turer, for £9.9m. **O COMMENT** The sourcing of raw materials. and the saucing of prepared meals are two of the crucial

ingredients in the development of Geest's prepared foods divi-sion, sales from which, Mr van Geest suggests, could eventupredators like Northern Foods, already confronted by a 38 per cent Geest family sharehold-

Builder of businesses

A record year

Substantial earnings growth by all divisions was the outstanding feature of the results of the Bond Corporation Holdings Limited Group of Companies for the financial year to 30 June, 1988.

Record results were achieved in all key areas, including operating revenue, after-tax profit and earnings per share. Highlights of the year included:

Substantial further growth to the contribution to profit by the Australian Subsequent Developments brewing division.

 Strong performance by core brands following implementation of new operational and marketing programs in the United States brewing division consequent upon the acquisition during the year of G. Heileman Brewing Company, Inc. The strategic development plan for Heileman US assigns priority to profitability through quality, efficiency and increased sales in core markets.

Exceptional returns from continued trading in prime commercial and residential property in Australia and internationally.

 A continuing high level of growth in contribution from the Corporate

Rapid growth in contribution from international activities, including Media and Communications, and Property. The outcome incorporates the first contribution resulting from the acquisition of a major interest in Chile Telephone Company (CTC). Capacity for profitable growth has been identified in CTC's operations and expansion

programs have commenced.

Since balance date Bond has acquired majority interests in The Bell Group Ltd. and Bell Resources Ltd, two of Australia's top 100 companies.

Bond intends to accelerate the existing Bell divestiture program with orderly disposal of assets which do not fit with Bond's core businesses or do not meet Bond's other investment criteria. Consequently, Bond debt level increases incurred through the acquisition of the Bell companies will be reversed.

Bond has also reached agreement in principle to participate with the Government of Western Australia in development of a major petrochemical

Division Brewing/hotels/ liquor Media Property Petroleum Corporate

PERFORMANCE DETAILS Operating Revenue Contribution* \$A million \$A million 3,207.852 (+ 90.4%) 287.222 (+ 42.2%) 122.331 (+ 67.3%) 30.254 (+316.3%)

291.058 (+567.4%) 141.710 (+568.2%) 67.705 (+ 21.7%) 19.109 (+ 56.4%) 46.847 (+ 14.4%) 7.717 (-- 27.3%)* 387.486 (+458.7%) 116.348 (+196.6%) 885.181 (+ 69.7%) 175.253 (+250.4%) income cax. Contribution reduced by conditions affecting the Australian coal

industry generally.

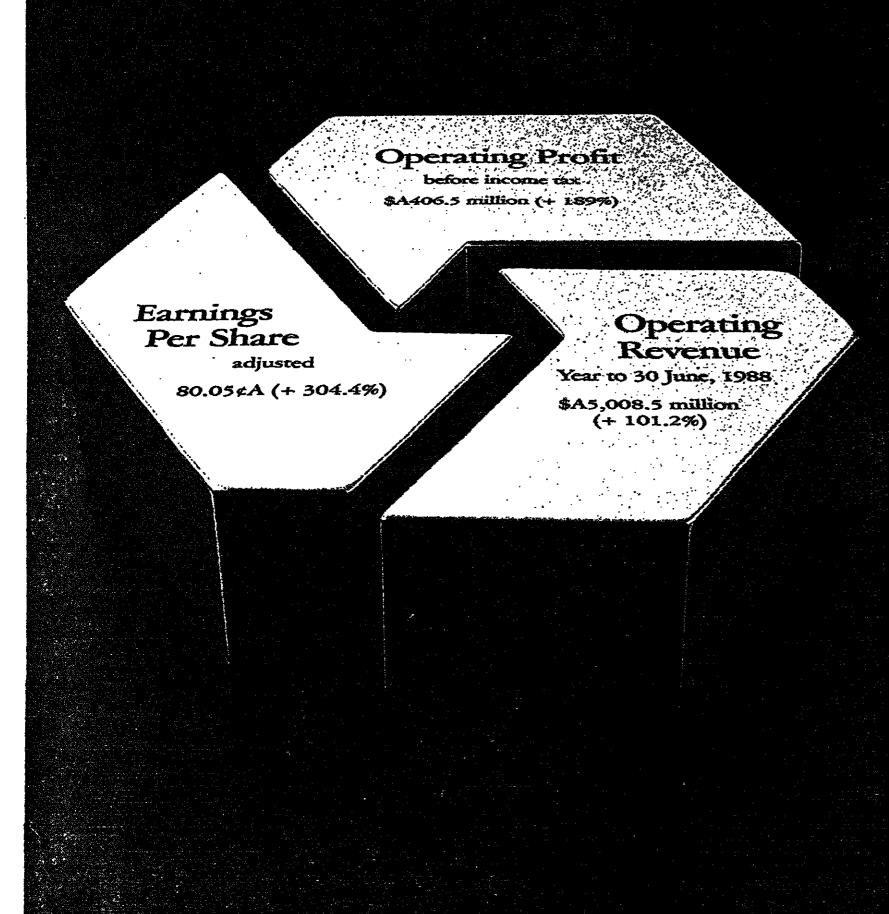
Before ner interest and

For further information, please connect Bond Corporation Holdings Limited: HEAD OFFICE: Level 17, International House, 26 St. George's Terrace, Perth, Western Australia 6000. Telephone: (09) 325 4555: Facsimile: (09) 325 4156, (09) 421 5540. Telex: 92901.

HONG KONG: 45th Floor, East Tower, Bond Centre, 89 Queensway, Central, Hong Kong, Telephone: (5) 848 1668. Facsimile: (5) 845 0341. Telec: 82423.



LONDON: 17 Great Cumberland Place, London, WIA 1AG. Telephone; (1) 262 8040. Factorille: (1) 723 0204. Telex: 261807.



to £7.6m midway

TIME PRODUCTS, watch manufacturer and distributor, raised interim pre-tax profits by 54 per cent from \$4.98m to £7.68m, reflecting strong demand across the range of brands. Turnover in the six months to July 31 rose by 23 per cent from £24.2m to £29.7m.

UK profits jumped by 88 per cent to £3.99m (£2.12m), with Sekonda, the volume watch brand, increasing its market share to about 15 per cent. The

share to about 15 per cent. The luxury watch division also produced strong growth, with par-ticularly successful perfor-mances from the recently acquired Piaget and Baume & Mercier brands.

The Hong Kong operation increased profits to £2.8m (£2m), following strong demand and an emphasis on higher margin products.

There was an extraordinary profit of £1.04m after tax, as a result of selling shares in a trade investment. Finance income increased from £854,000 to \$870,000. Net liquid assets stand at £22.7m (£16.6m).

The group has moved its head office and the headquarters of its luxury watch division to London's West End. close to its customer base. A full revaluation of its proper-ties, now valued at £5m, will be

incorporated in the year-end **Earnings** per share increased by 36 per cent to 10.72p. The interim dividend was increased to reflect a more even trading performance between the two halves of the year.

• COMMENT

This set of sparkling results provided analysis of consumer stocks with a welcome cause for enthusiasm and the share price rose by 3p to 223p. Behind the surge in UK sales is Time's marketing flair and clout, which has enabled it to benefit from the rationalisation of the jewellery shop sector. This increase in its market share should continue, helped by some slick television adver-tisements for Sekonda by comedian Harry "Loads of Money" Enfield this Christmas Meanwhile, Time is hoping to acquire distributorships in acquire distributorships in Europe and is dispring its toe into the US market. It may also set about launching a low-priced fashion brand to exploit the Sekonda label and backed by its sizable cash reserves - it is looking for bid targets with undervalued brand names. Time would clearly be vulnerable to a downturn in consumer spending yet this would be minimised by its relative lack of exposure to the middle market. All this - plus the outside chance of a takeover bid make the shares look attrac tive on a p/e ratio of 10, a fig-ure that assumes it makes a total of £16.5m this year.

Strong demand lifts | A likely white knight prospecting for gold

Time Products 54% Kenneth Gooding looks at the possibility of Newmont Gold launching a rescue for Gold Fields

S THERE any "white knight" willing and able to rescue Consolidated Gold restue consonated con fields, the UK-based mining finance house, from the unwel-come attentions of Minorco? The question has been puzzling many analysts since the South African-controlled investment vehicle launched its £2.9bm bid

Various names have been mentioned in this connection, including RTZ Corporation and, almost inevitably, the and, almost inevitably, the ever-acquisitive Hanson group. Unexpectedly, many London analysts are instead looking across the Atlantic for the most likely source of a rescue and towards Newmont Mining and Newmont Gold. At present, Gold Fields owns 49 per cent of Newmont Mining, which in turn controls 90 per which in turn controls 90 per

cent of Newmont Gold.

"About the only way I can see for Gold Fields to stay more or less intact is for Newmont Gold to bid for both its parent group and Gold Fields," says Mr Christopher Spreckley of CL-Alexanders Laing & Crnickshank.

Mr Jeff Ware of County Nat-West suggests: "Gold Fields could dump its remaining South African interests and merge with the Newmont com-panies into an Anglo-American group which would probably include in its articles a prohibition on South African nationals holding its shares." The analysts point out that the three companies, and their senior managements know one another well. Gold Fields took its first stake in Newmont nearly 10 years ago after Minorco's South African par-ents made their first dawn raid on the UK mining and industrial group.

The move was partly defen-sive but Gold Fields was also interested in moving deeper into the copper business to which Newmont was heavily committed at that time. (Ironicommittee at that time. (From-cally, Newmont subsequently sold off its copper operation). Last year, tempted by the exceptionally high prices being offered for gold stocks, New-mont Mining floated 10 per cent of Newmont Gold and intended to turn itself into a

major mining finance house with a diversity of interests. However, this grand scheme abruptly fell apart last autumn when Newmont Mining received a hotly-contested bid from a group led by Mr T Boone Pickens, the well-known Texas corporate raider.

On that occasion, it was Gold Fields' turn to play the "white knight" and the bid was warded off after the UK company increased its sharehold-ing in Newmont Mining from 26.3 per cent to 49 per cent.

In order to achieve this manoeuvre, Newmont Mining paid a special divided of \$33 a share. However, while this gave Gold Fields the cash to boost its shareholding, the pay-out cost Newmont Mining \$2.2bn of which \$1.75bn was becomed

borrowed. Newmont Mining immediately put everything it considered non-essential up for sale to reduce the debt which also bore down on its share price. For most of this year the parent has been trading at an effective 25 per cent discount to the Newmont Gold share

o analysis would expect any bid for Gold Fields to be made with the more highly rated Newmont Gold shares. The Newmont companies

have already dropped broad bints that they eventually will

Is there more than just pure speculation to these sugges-tions about a Newmont/Gold Fields merger? Some analysts feel that there is some evi-dence that Gold Fields might be working on such a scheme.
They believe it is significant
that Gold Fields immediately
after the Minorco approach appointed a high-powered American team as part of its defence corps. Wasserstein Perella, the

small but glamorous Wall securities house Normura has a 20 per cent stake, is among several US advisers called upon by the UK group. Wasser-stein helped Gold Fields during the Pickens' bid for Newmont.

But, in spite of all the fire-power these organisations could bring to bear, would not Newmont Mining's huge debt load make a three-way merger unpalatable?

unpalatable?
Not necessarily, says Mr
Ware. He says the major programme of asset sales by Newmont Mining, including
\$353.2m raised by the disposal
of its shares in Du Pont and
more than \$200m from last
week's sale of its Netherlands
oil and gas interests to Clyde oil and gas interests to Clyde on and gas interests to cryte Petroleum, will have reduced its debt by the end of this year to a manageable \$950m. And \$448m is in the form of a gold loan, bearing interest of only

1% per cent. The attraction of the Newmont companies to Mr Pickens, and to Gold Fields, was not particularly apparent at the time of the bid last year. Subsequently, however, Newmont Gold has been much more forthcoming about its pros-

Newmont Gold has nearly 15m troy ounces of mineable gold reserves and rapidly ris-

ing gold production from the Carlin Trend in Nevada.It holds a dominant position of more than 2.300 square miles encompassing the 50 mile-long Trend, probably the most important gold field discovered

n ambitious expansion programme should make Newmont Gold the largest non-South African gold producer in the world this year with a predicted output of 830.000 ounces.

There are already indications that the US authorities are taking a very keen interest in Newmont Gold's future. For example, when Gold Fields wanted to increase its share-holding in Newmont, the UK company was asked to provide the US authorities with substantial documentation to show it was not controlled by South African interests.

"The US would be happier to see Newmont Gold's parent company based in the States," says Mr Spreckley. In any event, the analysts

predict that Minorco, because of the preponderance of South African interests among its shareholders, might well face considerable official US opposition to its bid for Gold Fields. Analysts can see no other obvious "white knight" for Gold Fields, not even the widely-tipped RTZ. "I've racked my

brains but I really can't see anyone", complains Mr David Ridley of Williams de Broe. He rules out RTZ because the philosophy of the two groups is so different and there is considerable rivalry, even

antagonism, between them."
Other analysts point out that, although RTZ has a growing cash hoard of more than fesom after disposals, it has insisted on several occasions recently that it would not be rushed into buying assets at high prices. It was interested only in situations where it could add value and justify the purchase in terms of improved

earnings per share.

Like RTZ, Hanson would also be perceived by Gold Fields more as another oppor-tunistic raider than a white knight. Mr Ware suggests that, in any case, Hanson would be deterred by the fact that Gold Fields' South African assets would be difficult to sell at a good price, given that they would almost certainly attract only South African buyers.

That leaves only rank outsiders. Mr Ware and Mr Ridley suggest that in this category come British Petroleum and Shell, both of which have substantial mining and metals interests and would fit in with Gold Fields' concept of itself as a major natural resources

Caird to raise £12.5m via one-for-two rights issue

CAIRD GROUP. the fast-growing waste treatment and disposal company, yesterday launched a one-for-two rights issue to raise £12.5m and reported sharply higher pre-tax profits of £1.46m for the year to

The rights issue, as well as the £9.65m preceeds from the recent disposal of most of a property portfolio bought during the year, will eliminate group horsowings.

group borrowings.

A final dividend of 3p raises the total to 4p, eight times the payout in 1986-87. Since then, new management led by Mr Peter Linacre, former stockbroker and now chairman, has transformed Caird from a Scot-

company into an environmen-tal services group. Caird shares fell 15p to 298p,

compared with the 240p rights issue price. During the financial year, Caird spent 26.5m on environmental services acquisitions. Although none of the compamies made a full-year contribu-tion, together they accounted for profits of £685,000 on turn-

over of £2.6m. The pre-tax advance from £49,000 was achieved on group turnover more than five times higher at £5.9m (£1.1m). Earnings per share rose to 14.27p (0.65p). Property disposals in Scotland produced an extraordinary credit of £184,000 (£336,000).

Boustead at £1m midway

BOUSTEAD, international trading group, yesterday revealed pre-tax profits sharply higher at £1.01m in the half

year to end-June. The advance from £368,000 was scored on turnover 46 per cent ahead at £20.79m after consolidation of Metal Sup-plies' results as a group subsidiary. Earnings per 10p share improved to 1.16p (0.55p) and

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the interim dividend is lifted to 0.3p (0.1p). Mr Tommy Macpherson,

chairman, said the three com-panies had transformed the group's profile. "The period of intensive care and convalescence is now behind us.". A net profit of £1.62m relating to the sale of a freehold property in the City of London was taken below the line.

Whatman Reeve at £4m PROFITS ROSE 13 per cent at Whatman Reeve Angel, manu-facturer of products for separation and purification, in the six ths to June 80. The taxable: result of £4.08m compared with £3.61m previously and was

scored on turnover up from £18.15m to £21.99m. The directors said that of the 21 per cent rise in sales, some 14 per cent was from the recently acquired Tri-Dim Fil-ter Corp of the US. The real growth in sales was again masked by adverse exchange rates, they said.

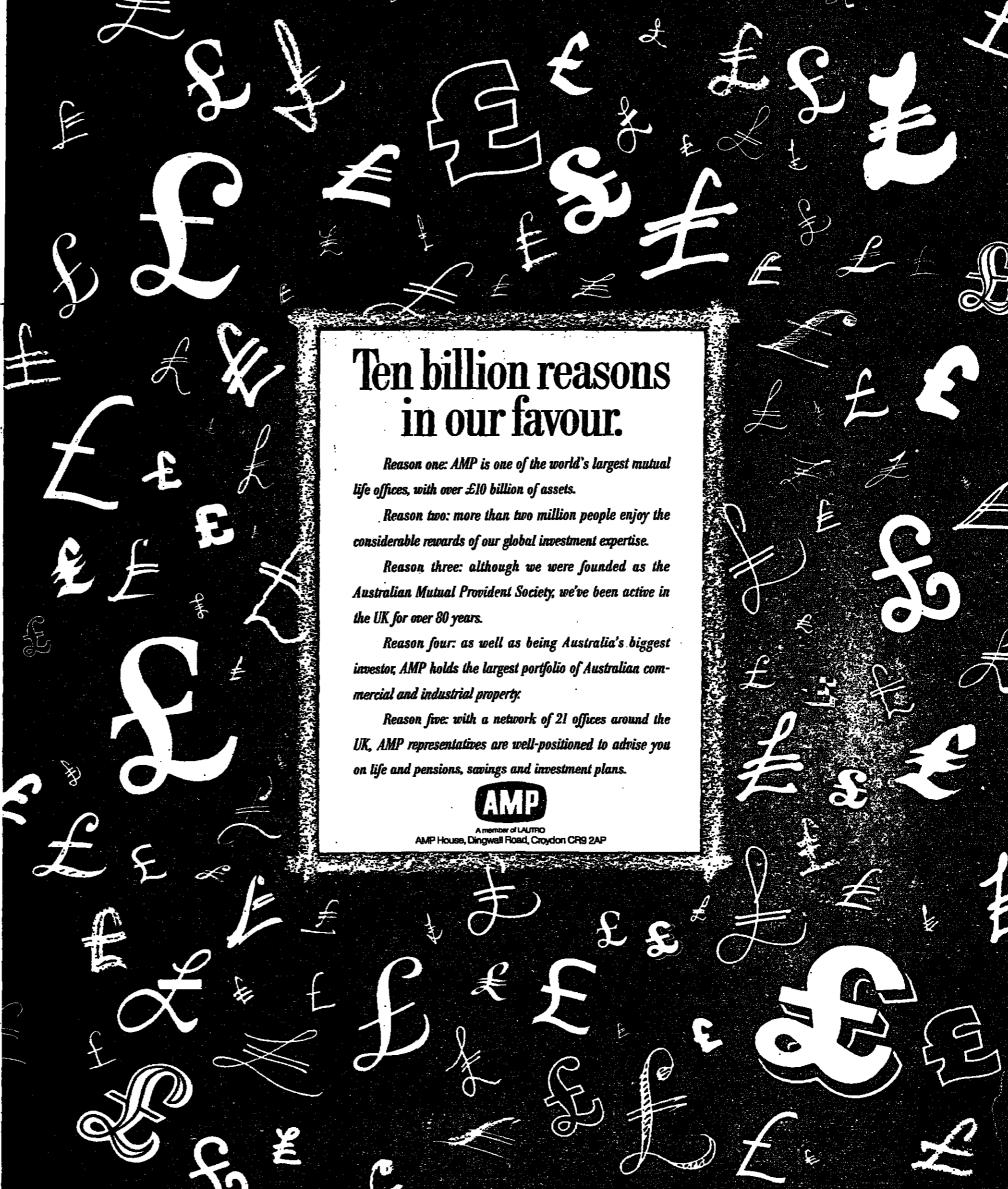
After total tax of £1.54m (£1.41m) earnings per 5p share were 11.73p (10.17p). The interim dividend is raised 0.3p



Europe The Quarterly Report as of 30th June 1988 has been published and may be obtained from:

Pierson, Heldring & Pierson NV. Herengracht 214, 1016 BS Amsterdam. Tel. + 31 - 20 - 211188

SPONSORED SECURITIES Yield % 3.7 4.3 Gross div (n) 8.7 10.0 P/E 8.8 5.5 5.9 1.9 24.1 5.8 ... 4.0 9.4 9.9 4.3 9.0 4.1 13.0 9.2 3.8 7.0 14.2 21 33 67 52 11.0 123 147 61 103 12.0 BBB Design group (USAL) Carbo 7.5% Prof CSD ... 3.4 31 122 4.3 37.7 13.5 8.6 415 279 80 108 5.4 57.9



Dowding

& Mills

advances

to £7.15m

DOWDING & MILLS, electrical and mechanical plant repairer, lifted taxable profits by 28 per cent from £5.58m to a record £7.18m in the year to June 30.

Turnover rose 15 per cent to 152.32m (£45.56m). After tax of 12.73, up from £2.12m in the previous year, and minorities of £29,000 (£25,000), earnings per 10p share worked through at 5.15p (4.1p).

The company said the elec-tric rewind and service divi-

sions again produced excellent results, as did Bootham Engi-neers, while Mannings Marine

made a contribution to profits

after losses last year. The overseas companies continued

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(Incorporated in the Republic of South Africa) Registration No. 57/01979/06

CHAIRMAN'S STATEMENT

During the financial year to 30 June 1988, demand and price for the company's major precious and base metal products remained strong, in line with published reports of demand exceeding supply for most of these commodities during the period. The result has been that in 1988, as the company celebrates its twentieth anniversary, I have the pleasure of reporting record turnover and profits.

The year has also been significant in that the group has made considerable progress with expanding its operations; through the decision to proceed with the development of a new platinum mine, Karee; the offer to acquire a controlling interest in Messina which has considerable reserves of platinum; and several other new prospects which have the potential to add to our reserve base. These activities will ensure that the group is well placed to meet its future supply commitments in the platinum market, and also that the company is able to take advantage of any future expansion in market de:

During the 1988 financial year, distributable profit increased by 93,3% from R95,254,000 to a record R184,106,000.

The substantial improvement in profitability resulted from a 24.9% increase in turnover from R1,272,395,000 to R1,588,766,000. In spite of higher operating costs as a result of substantially increased underground development and improved employee benefits, before tax profit increased by 17.7% from R519,538,000 to R611,500,000.

The appropriation for capital expenditure for the year at R115,700,000 was considerably lower than the 1967 figure of R180,000,000. As a result of the higher before tax profits and the decline in capital expenditure, provisions for royalities, lease consideration and taxation rose considerably to R52.9 million (1987: R61.7 million); R80.3 million (1987: R61.7 million); and R231.4 million (1987: R182.6 million) respectively.

Earnings per share after tax and lease consideration increased

from 477 cents to 520 cents and earnings per share after tax, lease consideration and appropriation for capital expenditure from 165

cents to 319 cents.
Dividends declared totalled 180 cents per share or R103,770,000 (1987: 160 cents or R92,240,000). (1987: 160 cents or H92,240,000).

Total group borrowings at 30 June 1988 amounted to R181,193,000 compared with R178,112,000 at the previous year end.

The 1987 calendar year was the first in which worldwide demand and supply for platinum both exceeded 3 million ounces. Continued with in the use of automobile emission control catalysts, coupled growth in the use of automobile emission control catalysts, coupled with a considerable increase in demand from jewellery manufacturers, resulted in labrication demand increasing by about 10% over 1986. Other areas of industrial consumption remained firm but fairly static. As in the previous financial year, it was the investment and speculative interest in physical platinum which resulted in overall demand exceeding primary supplies. The expected tall-off in industrial consumption after the October 1987 stock market crash has not taken place, and the platinum consumption trends established in 1987 have continued in the first six months of 1988. particularly with respect to investment and speculative demand, and

The tree market price of platinum fluctuated widely during the the free manet price of plantim included widely suffine the financial year under review, with the lowest daily settlement price on the New York Mercantile Exchange of US\$442.80 in February 1988 and the highest of US\$644.70 in August 1987. The lower prices reflected market perceptions of depressed industrial activity signalled by the stock market prices around the world in October 1997. The lower price around the world in October 1997. 1997, whilst the higher prices, which have since been re-established in the first half of 1988, indicate the extent of the supply deficit in the face of the unprecedented demand levels. The recent strength of the United States dollar, and the continued weak oil prices, have prevented the market price of platinum from reaching even greater

The average annual New York Mercantile Exchange settlement prices of platinum for the calendar years 1985, 1986 and 1987 were US\$291.80, US\$464.53 and US\$557.12 respectively, illustrating both the strengthening of industrial demand during this period and the mounting recognition of platinum as an important investment medium, increasingly becoming an integral part of the portfolios of

In the United States, automobile production declined sharply in comparison with the previous year as weaker sales were exacer-bated by excessive stocks. The resultant decrease in demand for platinum from this sector, combined with a significant decline in investment interest, was not offset by increased consumption in other areas such as the electronics, petroleum and glass industries, which have shown some renewed strength, particularly in the first

Demand for platinum in Japan was at all-time record levels. The trend to larger cars and more cars per family unit in the domestic market led to higher levels of demand than previously seen from the automobile sector, whilst other industrial consumption areas remained firm. Continued growth in personal disposable income combined with the lowest platinum price in Yen terms for 10 years and the continued development of Japan as a major inves market for platinum, also resulted in record levels of demand from the jewellery and physical investment sectors. New tax regulations accounts has also fuelled the flow of funds into platinum investments in recent months. The Tokyo Commodity Exchange traded record evels of future contracts in the latter part of the financial year, approaching quantities in terms of ounces of platinum closer to those

approaching quantities in terms of ounces of platinum closer to those traded on the New York Mercantile Exchange, further likustrating the strength of investment demand in Japan.

European industrial consumption for platinum increased in a number of sectors, indicating the continued strength of the major industrial economies in Europe. The major contributor to this strong industrial demand was the automobile industry where record sales and production levels were combined with increased introduction of omission control catalysts in many European countries. This resulted in demand levels from this sector contributing to record consumption by the automobile industry worldwide. Demand from the jowollery and invostment sectors in Europe was, however, disappointing, with platinum oftake in both areas the lowest for

some years.

The other platinum group metals enjoyed firm demand from their the other plaintum group fricties enjoyed and demand from their traditional consumption areas, with demand for palladium balanced by adequate supplies and stocks. Excess ruthenium stocks maintained prices at low levels, whilst speculative holdings of modium stocks were liquidated, resulting in weaker prices towards. the end of the year, as the expected supply deficit in the face of consumption by the automobile industry did not materialise.

With domand for stainless stoel having strengthened considerably in the second half of the year, the demand for nickel outstripped supplies, particularly as there were supply disruptions from major producers at the same time. This resulted in a three-fold increase in the price of nickel compared with the same period in the previous

OPERATIONS AT MINES, MINERAL PROCESSES AND REFINERIES

The considerably higher expenditure on underground developm during the past year will make more Merensky face available for mining and will strengthen the company's position for the future. Sinting and ocuspong of No. 12 shaft, and the hoist room and headgest excavations for No. 1 sub-vertical shaft, have been completed. These shafts are on schedule and will start producing in

1988 and 1991 respectively.
Refrigeration plants to maintain acceptable environmental conditions are being installed at all shafts with working depths of approximately 1,000 metros. These third generation shafts are Nos. 9, 10, 11, 12 and No. 1 sub-vertical shaft. Capital expenditure on shaft 9, 10, 11, 12 and No. 1 sub-ventual shaft. Capital experientine or shaft sinking and associated development at Impala absorbed approximately R74 million out of the total capital expenditure of R114.7 million on mining tixed assets. Capital funds were also utilised on upgrading and improving the living conditions at the mine hostels

nd on mechanisation for further improvements in productivity.

Operations at Mineral Processes and the Refineries were sabsfactory. Capital expenditure was directed at improving process efficiencies. For the current year capital expenditure excluding Karee is expected to be of the order of some R150 million of which about R65 million is on replacement shaft systems and the balance on mechanisation, housing and process improvements.

In October 1987, we announced the establishment of a new 300,000 annual ounce platinum mine, Karee, with an initial capacity of 100,000 ounces of platinum, increasing, in line with market demand, to 300,000 ounces of platinum annually. Karee will be developed by Implats' wholly owned subsidiary. Gazelle Platinum Limited, At the tune of the announcement, it was planned to raise approximately R300 million for initial development by way of a rights issue in Implats. The rights offer was, however, not pursued in view of the general downturn on the stock market and in the platinum sector in

The development of Karee, which commenced early in 1988, has continued as planned and internal funding arrangements have been made. The funding of housing in Rustenburg is being negotiated with

Capital expenditure on Karee's mining fixed assets for the 1987/ 1988 financial year amounted to R29.7 million. Capital expenditure during the current financial year is anticipated to be of the order of R260 million. Vanous options to finance Karee are currently under

In April 1988, Implats' shareholders were advised that the company had, subject to certain conditions precedent, made an offer to acquire a 55 percent shareholding in Messina Limited. Considerable progress has been made towards the fulfilment of these conditions. It progress has been made towards the development of Messina's platinum interests in Labowa proceeds as planned by that company. At the platinum mine site, the sinking of two second outlet shafts is continuing and it is proposed to extract 200 tons of one from both the Merensky and the UG2 reets. This will enable final test work on the concentrator and smelting processes to be completed without any delay. The major benefits of the acquisition will be the enhancement of implets' platinum reserves, greater flexibility of operations and the opportunity to develop a relatively low cost mining venture.

in addition to the development of Karee and the acquisition of a controlling interest in Messina, the company is investigating other platinum opportunities in order to broaden its production base and enchance its competitive position. In particular, geological work undertaken on the farms Middelkraal, located near Karee, and Moddergat, further to the north, over which the company owns mineral rights, is proving encouraging. Both of these prospects could support operations of moderate production capacity.

HUMAN RESOURCES
During the 1987/88 financial year, impala continued its concerted efforts to raise productivity and safety standards. The company introduced new safety awareness programmes and continued to develop leadership and managerial skills. Programmes were developed to include all levels of the workforce, giving employees the opportunity to participate in matters that affect them directly, that is, in such areas as safety, cost effective work and performance. These

in such areas as safety, cost effective work and performance. These programmes will be extended further in the next year.

The company experienced a relatively good year in the field of labour relations. Agreements on improved wages and conditions of employment were successfully negotiated between the Springs refineries and the National Union of Mineworkers (NUM) and the Federation of Mining Unions (FMU). A recognition agreement, wering certain categories of employees, was entered into between etailurgical Processes and the Metal, Iron and Steel Workers

RELATIONS WITH THE BAFOKENG TRIBE

Impalas mining operations are conducted on land situated in the Bafokeng district of the Republic of Bophuthatswana in terms of a number of mining leases granted both before and after the independence of Bophuthatswana on 6 December 1977, under the

independence of Bophuthatswana on 6 December 1977, under the provisions of the applicable mining legislation.

The land to which I have referred comprises a number of properties respectively owned by private individuals or organisations, by the Government of Bophuthatswana, and by the President of Bophuthatswana in trust for the Batokeng Tribe. The testmentioned properties which were transferred by the State President of South Africa to the President of Bophuthatswana in December 1977 comprise the major part of the area over which the company overvies its rights to mine. The several mining leases in which exercises its rights to mine. The several mining leases to which I have already referred and which are the basis of the company's mining rights require that all of the properties including the properties registered in the name of the President are to be mined in

registered in the name of the President are to be mined in conjunction with each other as a single mining proposition. In March of this year I announced to shareholders that legal proceedings had been instituted by the Bafokeng Tribe in the Supreme Court of Bophuthatswana against Impala, the President and Government of Bophuthatswana. As I then stated, the action is based upon the company's refusal in 1987 to accade to a domand made by representatives of the Bafokeng Tribe for disclosure of certain information relating to the company's mining operations which is considered by the company to be of a confidential nature. According to the company's legal advisers the only person entitled to demand any such information from the company is the President, as cedent of the relevant mining lesse, who himself had not sought any such information nor had he given approval to the company to accede to the demands made by the Tribe.

Dissatisfaction on the part of the Bafokeng Tribe emerged in the course of discussions for the acquisition of prospecting rights over

Dissatisfaction on the part of the Batokang Tribe emerged in the course of discussions for the acquisition of prospecting rights over further properties in Bophuthatswana adjacent to the existing lease area, commonly referred to as "the Deeps". These further properties were seen as a logical extension to the existing mining lease area, and the possibility of their being added to the lease area at some stage was contemplated by the company from the time when mining activities first commenced in 1968. In 1980 discussions to that end were initiated by the company first with the Government authorities in Bophuthatswana and later, because of its manifest interest, with representatives of the Batokang Tribe. These discussions continued for several years until late 1985, when they were interrupted by dissatisfaction expressed by the Chief of the Batokang Tribe over the necessity for a proposed prospecting and mining agreement to research expressed by the Chief of the Bashkang into over the necessity for a proposed prospecting and mining agreement in regard to the Deeps having to be executed by the President of Bophuthatswana, the registered owner of the properties in question, and over the method of calculation of royalities according to the Tirbe Thereafter attempts to revive discussions in respect of the Deeps were thwarted by demands from the Tribe for the disclosure of the confidential information to which I have already referred which the company found itself unable to meet. This led to the current litigation.

Company round isset of label to meet. This led to the current sugaron. The Bafokeng Tribe's action against the company and the President of Bophuthatswana seeks to deny the company the right to continue mining operations over the properties registered in the name of the President and to terminate such control over these properties as the President, as the registered owner, may be entitled to exercise, leaving the Tribe free in future to administer and exploit the properties as it may choose it is a metric of recent that the the properties as it may choose. It is a matter of regret that the Batokeng Titbe should have chosen to pursue a course of confrontation rather than to attempt to resolve matters by negotiation amongst the parties concerned which the company has at all times

een willing to do. Our legal advisers remain confident that the proceedings can be successfully opposed. Moreover, I believe that the Tribe's court
application may yet provide a path for the resolution of the issues which have adversely affected our relations with the Tribe. With these issues out of the way our operations could proceed on a more satisfactory businesslike basis to the advantage of all parties.

As the litigation is proceeding, further detailed comment is inappropriate at this stage.

The firmer market price levels for the major products which have been evident in the financial year under review could prevail for some time, as supply and demand predictions appear to point to the likelihood of supply deficits for these commodities in the coming

Supplies of platinum from primary sources in the Western world are likely to remain at current levels during the next financial year, with little or no contribution likely from the various new platinum mining developments announced in the past year or so. Secondary supplies and Russian sales to the West will probably also make a similar contribution to total supplies as last year, but only if prices

similar contribution to total supplies as lest year, but only if prices hold up at present levels.

Fabrication demand for platinum is expected to remain at a similar level to that attained in the last financial year. The factor which is likely to influence the supply/demand balance the most in the twelve months to June 30, 1989, is investment and speculative demand for physical metal. Currency relationships and other key economic factors are expected to continue to favour investor buying, although perhaps at a lower rate than the dramatic levels experienced in Japan in the first half of 1988. The outcome will be a supply deficit in the coming year, with resultant support for the price at present levels.

Japan in the first hair or 1988. The outcome was on a suppry centar in the coming year, with resultant support for the price at present levels. The investments we have made in opening up new reef face at impale's mining operations and in the development of the Karee Mine have strengthened the long term future of implats. In addition, the offer to acquire a controlling interest in Messina, which we anticipate will be finalised shortly, and our exploration of new missing areas should add further in the reserve potential of the platinum areas, should add further to the reserve potential of the

in the coming year we will continue to investigate opportunities for extending our operations in order to increase our flexibility still

DIRECTORATE

Mr. Arthur Joynt resigned from the board in May this year after serving rane years as a director. I would like to take this opportunity of thenking him for the significant contribution he has made to the company's marketing efforts over a period of nearly 20 years. I welcome the appointment of Mr. Colin Officer as deputy chairman

ACKNOWLEDGEMENTS

On behalf of the board, I would like to thank the management and staff at all the operating units and at head office and in our subsidiary and associated companies, together with our consulting engineers,

for their loyal and efficient service during a successful year. We also thank our customers for their continued support.

S P ELLIS Johannesburg 14 September 1988.

Copies of the Annual Report may be obtained from the London Transfer Secretaries, 6 Greencoat Place, London SW1P 1PL

UK COMPANY NEWS

Anglia Secure rights for £4.3m acquisition

ANGLIA SECURE HOMES. specialist developer of private retirement housing, is expanding into south-east England with the £43m acquisition of Alfred McAlpine Retirement Homes from the quarrying, construction and housebuilding group. The acquisition is to be funded by a two-for-five rights issue, raising about 221.6m before expenses.

Anglia also forecast pre-tax profits of £7.5m for the year ending today, 92 per cent up on the previous year's £3.9m.

Of the 6m new ordinary shares to be issued, some 1.19m will be placed with Alfred McAlpine and then offered to shareholders on the vendor's

behalf. The fully underwritten issue price is 360p a share against yesterday's closing price of 398p, up 12p. British & Commonwealth Holdings, financial services group which has 23.7 per cent of Anglia, is to take up its full entitlement.

Mr Peter Edmondson, Anglia's chairman, said yesterday: "We have bought it at a dream price. The product is very high-quality - it matches ours. But the management team has been totally frus-trated with the lack of resources and lack of commit-ment to the division."

Anglia, which claims to be the UK's second largest devel-oper and manager of retire-

Strong first half at Hay

ACQUISITIONS made a significant contribution to a strong first half at Norman Hay, and the company, which is involved in electro-plating and anodising, is on the look out for further purchases.

Taxable profits rose 48 per

AGB Research

new products and test markets. It had a long-established and productive relationship with AGB companies in Japan and

Dominion cuts stake

Dominion International has

continued its move way from the oil industry into financial services with the sale of a fur-

ther stake in Southwest

The company sold 6m shares

through the market for about £1m, leaving it with 10.2m

shares, representing 19.6 per cent of the capital.

Australia.

in French buy

cent in the six months to June 30 from £614,000 to £906,000 on turnover up 37 per cent from £5.71m to £7.81m. Earnings advanced to 3.8p (2.6p) and the directors have raised the interim dividend to 0.66p

thought McAlpine Retirement,— which makes gross margins of 20 per cent, should be able to match Anglia's 30 per cent, Alfred McAlpine said the retirement homes sale would allow the group to expand its regional housebuilding and

development activities.

Alfred McAlpine is also selling Samic Builders Merchants to RMC Group, construction

Increased sales boost

World of Leather

AGB Research, the market research group which has rec-ommended a 2134m takeover INCREASED sales, partly reflecting new store openings, enabled World of Leather, hid from Pergamon Profes-sional and Financial Services, USM-quoted furniture retailer, is to buy 50 per cent of a to lift pre-tax profits from £175,000 to £821,000 in the six French-based software com-pany for £2.6m in cash. months to end June.

Novaction was described yes-terday by AGB as a leader in systems for the evaluation of The outcome - £71.000 more than the group managed in the whole of 1987 - was achieved on turnover 74 per cent ahead at £11.05m (£6.34m).

Mr Ramon Benardout, chairman, said consumer demand continued to shift towards leather upholstery away from traditional fabric coverings. A high level of sales had contin-ued into the second half, he

Earnings per 10p share were sharply higher at 6.6p (1.4p), and a maiden interim dividend of 0.8p is declared.

recommended. Mr Jonathan Jacobs, chairman, said the current year had started well, with financial completions ahead of budget.

Net assets had increased by

about 70 per cent during the last year. The company would consider acquisitions in related

Colroy doubled to £2.6m

COLROY has more than A dividend of 0.85p has been doubled profits and earnings in its first set of results since flotation in June. Taxable profits of this regional housebuilder rose

from £1.05m to £2.8m in the year to July 31 and earnings per 10p share from 10.04p to 25.02p.

Tax took £879,000 (£389,000).

Jantar losses increase

LOSSES increased at Jantar, payable and similar charges were £72 (£13,825). mining, metals and minerals trading company, in the six

The pre-tax loss of £24,376

interest receivable fell to credit last time.

months to June 30.

£16,200 (£57,394), but interest

There was a £9,648 loss on year-end and compared with a profit of £1,366 in the first half of 1987.

The loss per share came out at 0.5p (earnings 0.55p) before extraordinary items, which Investment income and were nil this time and £107,136

Trafford Park expands by 11%

Pre-tax profits rose 11 per cent at Trafford Park Estates in the year to June 30 from £2.89m to against 5.8p previously.

Acquisitions boost British Fittings profit

First-time contributions from three acquisitions helped British Fittings Group to raise pre-tax profits by 80 per cent from £1.25m to £2.25m in the six months to June 30. Turnover of the group, which provides equipment for heating engi-neers and plumbers, rose 65 per cent from £17.3m to £28.47m.

Harben Systems, Neolith Chemicals and Gill and Russell contributed £6.33m to sales and £509,000 to pre-tax profits. The group's directors said trading since June 30 continued to show a satisfactory

They have declared an interim dividend of 1.135p (1.0325p adjusted) on earnings per 30p share of 7.49p (6.5p).

CCA ahead

CCA Publications has reported pre-tax profits of £280,000 for the six months to June 30, against £209,000. Turnover was £4.57m, against £2.41m previ-Ously.
The USM-quoted company

sells prints and sculptures, greeting cards and related Tax paid in the latest period was £109,000 (£73,000), after which earnings per 10p share came out at 1.7p (3.3p). The dividend is unchanged at 0.9p.

Ben Bailey

Ben Bailey Construction boosted taxable profits from £395,000 to £1.03m in the year to June 30.Turnover expanded to £13.24m (£8.55m). Earnings per 10p share worked through at 12.86p (5.3p) and a recom-mended final dividend of 1.6p makes a total of 2.2p (1.2p) for

pine's management in Seven-caks as part of a new south-eastern division. The cash raised by the rights issue will also be used to repay McAlpine Retirement's intra-

Stone, intends to retain McAl-

group debt of about 25.4m and the balance will help reduce Anglia's gearing from 124 per cent to about 28 per cent. McAlnine Retirement is currently developing and selling

131 units, against Anglian's 400, and a further 201 are planned for the next two years, compared with 1,600 from Anglian. In the year to October 31 1987, McAlpine Retirement built 119 units and made pretax profits of £895,000. Mr Edmondson said he

The directors propose a final dividend of 1.29p making a total of 2p (1.76p) for the year. **North West**

Exploration rejects Oliver By Philip Coggan

North West Exploration yesterday formally rejected the £8.4m offer from Oliver Resources, a fellow explora-tion company. Both groups are quoted under the Stock Exchange's Rule 535(3).

Oliver launched its seven-for-two share offer last week. On the basis of last night's closing Oliver share price of 17p, the bid values each North West share at 59.5p, compared with its close of 56p. The North West board said the bld "substantially undervalued" the company.

Headlam up 23%

Headlam, Sims & Coggins, footwear manufacturer, reported pre-tax profits increased 23 per cent from £459,000 to £566,000 in the five months to end-June 1988.

Turnover was up at £10.76m (£10.18m). Earnings per 5p share worked through at 3.8p (3.1p) and directors are paying an interim dividend of 0.75p this time – the first such payment since 1985.

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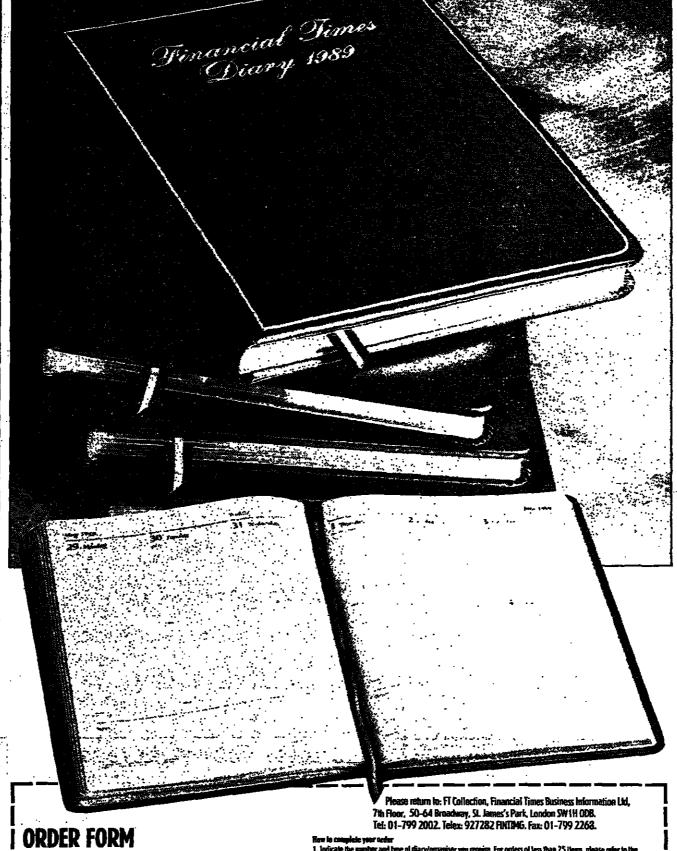
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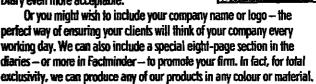
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THE PROPERTY MARKET

A diversity of strengths

By Paul Cheeseright, Property Correspondent

The trouble with Rosehaugh is that it has a label but the label does not fit. First reaction to the name is that it is a company which carries out mega-developments in the City of London; second that it is run by a chap called Bradman who makes dizzy financial deals; and third to link his name with Lipton at

Stanhope.
All that is true to a degree.
Last year it served well enough, producing an image sharp enough to satisfy a market craving for favourites, for more and bigger deals. This year it has not served so well in a market looking for solid-ity, more impressed with assets than deals.

The high point of the mar-ket's fascination with Rosehaugh last year was a share price of £11.75 and a low point after the October crash of 390p. This year the price has seen a high of 793p and a low of 513p. Currently it is hovering around 630p with a capitalisation of around £430m. Given market sentiment and estimates of Rosebaugh's net asset value -700p at Warburg Securities, the company's broker, but rather less at some others like Morgan Grenfell Securities which puts it at 660p - then arguably the present market price is not unreasonable.

the most expensive in the sector on a price-earnings basis. The company's dividend policy is restrained and the yields are low. The shares are bought on the basis that they will rise in tandem with the growth of the

company's assets.
It is at this stage that the question of labelling comes in. Rosehaugh is concerned primarily as Mr Paul Rivlin, a director, puts it "to create value by doing good quality development." The company sees itself neither as a trader nor as an investment company but as "slightly purist property developers" who want to be rated, not on the basis of earnings, but in terms of assets.
The fact that Rosehaugh looks so complicated, with a

web of more than 150 subsidiarles and associates, and the popular curiosity about the grandiose side of the business, have combined to obscure the likely source of medium term asset growth

The first point here is the question of the City of London and the degree of Rosehaugh's and the tegree of it. There is no dependence on it. There is no doubt that the Broadgate proj-ect - 3.3m sq ft of offices - in a joint venture with Stanhope Properties and British Rail Property Board - remains of signal importance to the com-

The shares remain some of pany. Estimates vary and get chancier the longer the time span, but Warburg Securities think it is worth 400p a share by 1991.

Again, the development with Greycoat near by at Finsbury Avenue, which first brought Rosehaugh to prominence, is also important.

But in the last annual report, for the year to June 1987, Rose-haugh Stanhope Developments and Rosehaugh Greycoat Estates, the two vehicles for by far the greater part of Rose-haugh's City involvement, accounted for under 30 per cent of the Rosehaugh share-

holders' funds.
As Broadgate lets and the new phases come through, the exposure of Rosehaugh is being reduced. Indeed, the balance not only of Rosehaugh's activities, but also those of Rosehaugh Stanhope Developments, is beginning to shift.

To take the joint venture

first, the nearest thing to a major City project that it has is related to the redevelopment of Holborn Viaduct, called Lud-gate. But the land assembly programme there has not yet been completed. The shift in the joint venture's activities is more towards London Docklands, where the biggest and probably riskiest venture is in the Royal Docks, and, of

course, towards King's Cross.
For Rosehaugh itself, the spread of activities is wider, both in terms of the nature of its developments and where they are taking place. The chart gives some flavour of that, indicating that through Pelham Homes and Rosebaugh Co-partnership, there is a strong residential arm, and

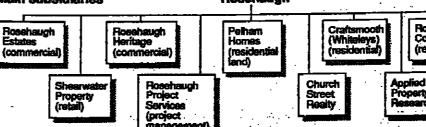
through Shearwater, a strong presence in the retail sector. The largest contributors to profitability are the on-going activities of the development subsidiaries and particularly the sales of developed land by Pelham Homes," says Mr Riv-

The extent of this diversity and the speed with which it has taken place - largely over the last three years - has meant that the role of Mr Godfrey Bradman, the chairman, is less than is often supposed. He does of course give the com-pany its style, but he takes an immediate interest in only a few projects now.

But the size of the company, with a staff of about 300, neces-sarily involves several layers of decision-making. Develop-ment subsidiaries find their projects, work them up and only then put them up to board level for approval. Once approval is given, it is up to the subsidiary to make the ROSEHAUGH

Main subsidiaries

Rosehaugh



Main associates

Rosehaugh

scheme work.

A further effect of the diversity is the range of financing techniques. Rosehaugh is best known for its use of off-balance sheet financing, where borrow-ing is secured against a project or a phase of a project and Rosehaugh itself is not liable. This form of financing is, in fact, restricted to joint ven-

Chafford Hundred, West Thur-Chafford Hundred, West Thurrock, Essex, where Pelham Homes has 40 per cent of one of Britain's biggest housing and community developments. Financing has just been arranged by Midland Bank.

Rosehaugh itself employs the orthodox range of financing for its own projects, on the balance sheet. It engages, for example, in the forward selling of projects. Shearwater has done precisely this with a

done precisely this with a shopping centre – at Kendal, Cumbria, to the Shell Pension

At the end of the June 1967 financial year, Rosehaugh was in a cash positive position. There had been a £58.9m rights issue in 1986 and a disguised rights issue in March of £89.7m when General Funds Investment Trust was bought. Durment frust was bought but-ing the current year Rose-haugh set up its first £100m multi-option facility, part of which has been drawn down. The next accounts will show some net debt.

In a wider context, the

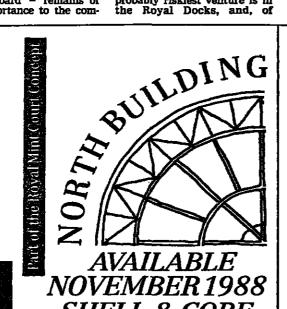
rowth of Rosehaugh has ncreased the range of choices vailable to meet its growing apital needs. Another rights isue does not appear to be on be cards. It is more likely to fursie the possibilities of partirships with, say, Japanese culd do more with British intitutions auxious to build up their property interests. It be exploring more extenuse of the securities maropening up the possibility



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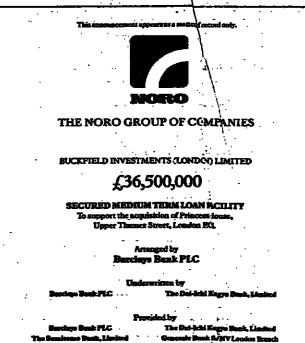
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AND IN THE MATTER OF:

THE COMPANIES ACTS, 1963-1986

advised and to give police of filing livered to the Official Liquidator and to stand at such time and place as shall be specified in such notice or, in dafault thereof, they will be sucheded from any distribution made before such debts or claims are proved. Windepending the 2nd day of November 1986 at 2.50 o'clock in the attention at the Examiner's Office, Arus US Chalaigh, 2nd Floor, Inna Cusy, Dubin 7, Ireland has been appointed for beering and adjudicating upon the said debts and citairs.

CLAL FRANCE NY US\$28,000,000 GUARANTEED FLOATING RATE

Notes 1986

The interest associating to USS 241.72 per 55,000 principal amount and USS 453.44 per 510,000 principal amount of the Notes will be paid on Stat March 1659 against presentation of Coupon

FIDELITY WORLD FUND ement à Capital Variable embourg, 13 Boulevard de la Foire R.C. Luxembourg B 9,497

DIVIDEND NOTICE

40, Esplanade 8t Heller, Jersey, Channel Island KREDETBANK S.A. Lunck 43, boulevard Royal 1 - 2856 LUXEMBOURG

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE **CHANCERY DIVISION** IN THE MATTER OF HAZLEWOOD FOODS PUBLIC LIMITED

IN THE MATTER OF THE **COMPANIES ACT 1965**

NOTICE IS HEREBY GIVEN that a Petition was on the 2nd September 1958 presented to Her Mejesty's High Coart of Justice for the confirmation of the reduction of the Sware

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Hollmann at the Royal Courts of Justice, Stread, London, WC2A, 2LL on Monday 10th day of October

A copy of the said Petition will be turnished to any such person requiring the same by the under mentioned Solicitors on payment of the regulated charge for the same.

COMPANY NOTICES

REPUBLIC OF ITALY

in accordance with the terms and con-eltions of the Notes, notice is hereby given that for the 3 months period from September 50, 1986 at December 50, 1988, the Notes witl carry an internet of

The relevant interest payment date will be December 30, 1986 and the coupon amount per ECU 10,000 nominal will be ECU 197.48 and per ECU 100,000 nominal

Benque Générale du Luxembourg S.A. Agent Bank

Re: A/S JYSKE BANK USD 40.000,000 Floating Rate Notes due 1994

in accordance with the terms and con-ditions of the notes, notice is hereby given that for the 5 month period from April 30, 1988 to October 31, 1988 the

NOTICE TO HOLDERS OF RECEIPTS (EDRS) IN PIONEER ELECTRONIC CORPORATION.

Public Notice of Report Date
Notice is hereby given that, pursuant to
the provisions of Article 10 of the
Articles of incorporation of the Conpeny, any shareholder having voting
rights as appearing on the register of
shareholders of common stock at the
end of September 30, 1885 (record
date), Totyo time, shall be deemed to
be a shareholder who is entitled to
secretice the rights of a shareholder at
the 42nd Ordinary General Masting of
Stareholders to be held in December,
1966.

It is to be added that dividends on starres will be paid to the shureholders or pledgees whose natures appear on the register of sharsholders of com-mon stock as of the end of the same day.

Depositary. The Bank of Yokyo International Lim-ited. London,

Agent. The Bank of Tokyo (Luxembourg) SA. 30 September 1986

CITY OF MONTREAL

Registrar's Department 29 Greshem Street London ECZV 7HN

CLUBS

EVE has entitled the others because of a policy on fair play and value for money. Support from 10-3:30 em. Disco and top granticlams, plannorus hostesad, exciting Soorstows. 189, Ragect St., 01-734 6557.

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Michael Creber 416-863-3825/519-758-2603 Sharon Lassaline 416-863-3363/519-758-2693

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UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK

in 16 HARTMAN MATERIAL HANDLING SYSTEMS, INC. ALLIS-CHALMERS CORPORATION d/b/a AMERICAN AIR FILTER COMPANY, INC., et al.,

in Proceedings For a Reorganization Under Chapter 11 Case Nos, 87 B 11225 Through 57 B 11242

NOTICE OF HEARING TO CONSIDER APPROVAL OF PURCHASE AGREEMENT WITH FIT CORPORATION AND ITT INDUSTRIES OF CANADA, LTD. FOR SALE OF PUMP BUSINESS

Authorizing the Debtors to pay out of the proceeds of the also of the Assets the following fees and expenses: (i) to Lexand Free Co., an amount equal to 1-1/2?- of the Consideration (se defined in the engagement latter dated July 1, 1987 between Lazzerd and received; (ii) all costs and expenses necessary to cure Defaults (as defined in the Application) under RR Assigned Contracts to the Assets and the Application), including those Defaults resulting in pecunity loss; (iii) all insariest taxes, decrementary withholding taxes, expenses or other charges made by an governmental authority in connection with the sale of the Assets transfer of the Liabilities; (iv) amounts necessary to selfer inforcompany accounts between the Business and the Remaining Seet (poth as defined in the Purchase Agreement), and (v) all other reasonable and necessary costs and expenses incurred in connecting the sele of the Assets and the transfer of the Liabilities, including the fees of, and expenses incurred by, any professional per attention of the Contractive of the Sentingtry Coun (all tees and expenses payable pursue this paragraph (d) are hereinster collectively referred to as the ("Expenses"):

Authorizing the Debtyra, to the extent, in connection with the transaction contemplated by such Order, the Debtors repurchase receivables at their option for OAR Corporation ("OAR") for subsequent sale to the Purchaser, or are required by the terms of the Amended and Restated Post-Petition OAR Purchase and Sale Agreement deted as of August 34, 1967 between OAR and A-C (the Restated Post-Petition OAR purchase are Sale Agreement; to repurchase receivables from OAR, to pay out of the proceeds of the sale of the Assets, at the time of repurchase, the purchase price for such receivables determined in accordance with the Restated Post-Petition OAR Purchase and Sale Agreement, including, at the option of A-C, by time of a portion of the unencumbered proceeds of the sales to which would otherwise be deposited in the A-C Disposition Account (se delined below) in accordance with paragraph (I) below and requiring OAR to deliver to A-C such documents and instruments necessary to transfer such receivables to A-C.

(g) Providing that, adoject to the provisions of any plan or plane of reorganization confirmed in these proceedings, the rights of all parties in interest to such proceeds in the A-C Disposition Account shall be preserved in full, provided that the Debtors shall be entitled, except as provided by further order of this Court of pursuant to any such plan or plans or reorganization, to withdraw funds from the A-C Disposition Account, upon thirty days notice at Whiterlawal's to the C-T trustees, the Private Lenders, the CAR Trustees and the OAR Lenders, tell as defined or used in the Application), the OBIGIAL Committee, which notice phall state that the Debtors believe, after consultation with coursel retained in these Chapter 11 proceedings, that nother the A-C Trustees, the Private Lenders nor any other party in interest have a perfected Lien in the funds in the A-C Disposition Account to the extent such thirds are to be withdrawing providing that it the A-C Trustees, the Private Lenders nor any other party in interest have a perfected Lien in the funds in the A-C Disposition Account to the extent such thirds are to be withdrawed, and the private and the action or proceeding seeks to prevent all or a portion of the withdrawed described in such Notice of Withdrawed, and if the person commencing such action or proceeding uses is best efforts to cause such Court to hold a hearing on an enter an order deciding such action or proceeding seeks to prevent all or a portion of the withdrawed escribed in such Notice of Withdrawed, and if the person commencing such action or proceeding seeks to prevent all or a portion of the withdrawed secretion of the obstance and in the person commencing such action or proceeding seeks to prevent the withdrawed in such states and until (and, then, only to the estimation to the estant such action or proceeding seeks to prevent the withdrawed in such states and until (and, then, only to the estant that, (i) the Bandruptor Court enters an order subnoriting such withdrawed in the person comm

Decreacing that, subject to the provisions of any plan or plans of reorganization confirmed in these proceedings, (i) the rights of the A Trustees, the Private Lenders, the OAR Trustees and the OAR Lenders and all other peries in Interest (including any rights whi may satist pursuant to (1) the Second Order Authorizing Sets of Receivables, Incurring of Administrative Priority Status and Granding Security interests entered by this Court on September 30, 1987; and (2) the Stoucher Providing For, inter Alst, (A) Reachation Disputies with Collateral Trustees and Lenders Regarding Adequate Protection and (8) Modifying the Automatic Stay As it Applies Certain Payments, expressed by this Court on September 16, 1987; to Liens or any other rights they may have on or against any tun in the A-C Disposition Account, including a right to obtain such tands or to be provided adequate protection for use by the Dattons any such tunds, are hereby expressly preserved and (ii) the objection and delenses of the Debtons and all other parties in interest any claim or demand of, or interest in such tunds claimed by the A-C Trustees, the Private Lenders, the QAT Trustees or the Debtons are the Debtons and the parties in interest of the Debtons are secondaries or the parties in interest and to any attempt to obtain such tunds or to obtain adequate protection for the use thereof by it Debtons are accounted preserved.

(ii) Authorizing the Debtors in connection with the sesumption of the Assigned Contracts and Lesses to which they are party, to core Defaults, including those Defaults resulting in pocuriary loss, and decreeing and adjudging that upon curing such Defaults, su Assigned Contracts and Lesses shall be in tall force and effect without default.

(m) Decreting and adjecting, as provided in 11 U.S.C. Section 365(k), that upon analysment of the Assigned Contracts and Leases, the Dattors and their estates shall be released from any liability for any breach of such Assigned Contracts and Leases occurring after

(e) Directing each and every appropriate Federal, State and local government agency or department to accept any and atl fillings necessary and appropriate to consummate the transactions contemptated by the Purchase Agreement (including, without limit fillings fit in county recording offices in Ohio, (ii) with the United States Parts and Implement Office recessary to easien;

(p) Authorizing the A-C Entities (as defined in the Purchase Agreement) to execute and cause their direct and indirect subsidiaries to execute, such documents and agreements and do such things as may be necessary to implement, effectuate and consummate the transactions contemptated by the Purchase Agreement; and

HIGHER AND BETTER OFFERS

PLEASE TAKE FURTHER NOTICE that at the Hearing, the Bankruptcy Court will consider the Purchase Agreement and any Competitive Bids. Any party wishing to make an other to purchase the Business on terms which it considers to be higher or better than those set forth in the Purchase Agreement (collectively "Competitive Bidders") must, pursuant to order of the Bankruptcy Court, comply with the

(c) Be accompanied by the latest everlable certified financial statements of the Competitive Bidder and such subsequent financial statements and other financial information which will enable A-C to evaluate the Competitive Bidder's ability to satisfy its obliguander the Porchase Agreement.

OBJECTIONS TO THE SALE OF THE BUSINESS

PLEASE TAKE FURTHER NOTICE that objections, if any to approval of the proposed sale of the Business, or to any of of the other relief requested by A-C as set torth in the Application, shall state with particularity the reasons for the objection and shall be filled with the Bankruptcy Court and served by hand, courier or overnight delivery service upon [a] Levin & Weintraub & Crames and Davis Polk & Wardeal, Lipton, Rosen & Ketz, 299 Park Alvenue, New York, New York, New York, 1977), Attention: Hernid S. Movikott, Eq.4. (c) Strook & Strook & Levan, 7 Hangver Square, New York, New York 1900, Autention: Hernid S. Movikott, Eq.4. (c) Strook & Strook & Levan, 7 Hangver Square, New York, New York 1900, Autention: Buck Montgomery, Eq. (d) Meyerson & Kuth. 237 Park Avenue, New York, 1902, Autention: House Montgomery, Eq. (e) Berlack, larsels & Uberman, 1155 Avenue of the Americas, New York, New York 19036, Attention: David Strumwasser, Eq.4. and (f) ITT Corporation, 320 Park Avenue, New York, New York 19022, Autention: Hartin W. Murray, Eq., and any other persons whose interests would be affected if the objection were to be sustained, on or before Clauten W. Murray, Eq., and any other persons whose interests would be affected if the objection were to be sustained, on or before Clauten Y, 1983 at 10:00 o'clock in the attention. Any objection so illed will be considered by Bankruptcy Judge Litsud on October 11, 1983 at 10:00 o'clock in the forenous or as soon thereafter as coursel can be heard, at Courseon 823, United States Bankruptcy Court, The Old Customs House. One Bowling Green, New York, New Y

BY ORDER OF THE BANGRUPTCY COURT NONORABLE BURTON R. LIFLARD UNITED STATES BANGRUPTCY JUDGE The Old Customs House One Bowling Green New York, New York, 10084-1408

LEVIN & WEINTRAUB & CRAMES Attention: Andrew A. Kress, Esq. Co-counsel to Alle-Chaimers Cor Debtors and Debtors in Possessi

HONG KONG AS A FINANCIAL CENTRE ancial Times proposes to publish this survey on: 26th OCTOBER 1988 For a full editorial synopsis and advertisement details, please e PETER HIGHLAND on 01-248 3000 ext 3595 or write to him at:

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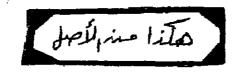
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ACROSS 1 Bill's penny metal washer (6) 4 Riff raff of former times were topped here (8) 6 Equipped with healthy spread (6) 7 One with nose wrinkled, seeing such meagre amounts (6)	Calculus Office Straingree Color	Do (Manure) 524 530 79 70 110 77 Inches & Growth 11 200 2 200 270 1 200 100 100 100 100 100 100 100 100	Relizace Hope, Tumbrige, West, Issue 1992 53,0033 Standard: Life Tst Mgmt Lht (06:59)H Strike Life Color of 1917 2029 1918 1918 1918 1918 1918 1918 1918 19
9 Here's no wee piece for Scotsman to write down (6) 10 Seen to soak in ones white- wash (8) 8 "De tout ensemble" in this musical work (6) 12 Soft loaf, rich with tops of butter or eggs (all scram-	EFM Unit Tst Marys Ltd (1400)M	Do (Account)	Set Asset Mgrat (Unit Trust) List (0905): UK Large Crine: -72 131 27.44 22.15 4.01 [6] 13 13 14 15 16 16 16 16 16 16 16 16 16 16 16 16 16
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25 Rude follow, passing one up for tea (3) 26 Drift out, veer right! How's that for a start (8) 22 Roles one played to patch up matters (6) 23 Pulley, dropping top to bot- tom, then lifts up (6)	Eletin Ltd (1600)F Gertral Ct. Anoli Rec Orcheston Seb dia Ober 70538 Gertral Ct. Anoli Rec Orcheston Seb di	GUIDE TO UNIT TRUST PRICING The data included under the Authorised section of the FT Unit Trest information pages is	Aggrafasian 5-1 42.15 42.76 45.05 45 45 45 45 45 45 45 45 45 45 45 45 45
27 One roue reformed can make good (6) 28 Strong artachment to vine is getting one too excited (8) 24 Federal – i.e. organised at last (6) 25 The Colonial Office was exceedingly short about ref-	Enropest (42,64 at 213 at 8 E2+6 751 76 Gills & Find	being expanded to improve the service to readers and to conform with new legislation. BHITIAL CHARGES These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.	Anrelia
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5 A conductor? Of Bizer's singular opera perhaps? (6) ENT BIS TO LETP SO BH RIEJAIS SE SIS AGIARNIEIT	FMS Investment Magant Ltd (0905)# Admin 3 Rayletch Rd, Writing Bressnod, Exer. 31 San Street, London ECZ N20P 9708 45322 MLS by Pfolio 277 00 77 00s 78 77 4422 730 MLS by Pfolio 277 10 77 00s 78 77 4422 730 WK Coneth	newspaper show the prices at which deals were carried out yesterday. Other explanatory notes are contained in the last column of the FT Unit Trust Information pages.	

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FINANCIAL TIMES FRIDAY SEPTEMBER 30 1988 FT UNIT TRUST INFORMATION SERVICE	LONDON SHARE SERVICE
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EUROPEAN OPTIONS EXCHANGE

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Intervention fears hold dollar

firmer in currency markets yesterday, but trading volume was restricted by proximity of the month, quarter and financial half-year end. The US unit retained a bullish undertone, but fears of central bank inter-vention persuaded most short-term investors to remain on the sidelines.

The West German Bundesbank was seen asking for quo-tations in Hong Kong and Singapore, before the start of business in Europe, and although there was no sign of actual intervention, traders suggested that central banks are likely to intervene when the dollar starts to approach the DM1.8850-1.8900 range.

Despite concern about inter-vention, the dollar managed to edge a little firmer during the day. Investors appeared keen to buy the dollar, but were looking for a good excuse, and this was provided by news that the Soviet Communist Party is holding an emergency meeting of the central committee in Moscow today. This prompted a nervous flight to quality reaction amid rumours of policy differences within the

Kremlin.

The dollar edged up to a high of DM1.8845, but failed to sustain this level. It finished at DM1.8820, still up from DM1.8780 on Wednesday. It was

£ IN NEW YORK

Sept.29	Lates	1		Previous Close
£ Spot	1.6810-1. 0 47 <i>-</i> 0 1.28-1. 3.98-3	46pm 26pm	0	395 - 1.6905 46 - 0.45pm 34 - 1.32pm 30 - 4.25pm
Forward premiu		-		the US dolla
STERLI	NG IN		_	
		Sept.	29	Previous
8.30 am 9.00 am 10.00 am 11.00 am Noos		76.1 75.1 75.1 75.1 76.1	3	75.6 75.8 75.8 75.8 75.9 75.9

CURRENCY RATES

Sept.29	rate	Drawing Rights	Currency
Sterling USablar USablar USablar USablar Sablar Sab	50547 NS4 NS 8 8 8	0.766291 1.29120 1.57791 17.0697 50 8539 9 29793 2 42655 2.73605 8 26174 1810.36 173.537 8.95835 160 643 8.31726 2.05624 196 662 0.904645	0 654851 1.10277 1.34240 14.5985 43.49132 7.96345 2.077552 2.13931 7 06434 1546 63 148 047 7 64605 137.251 7.10991 1.77516 168.194 0 773765
~All 50€ rates i	ere for Se	gs.28 ··-	•

CURRENCY MOVEMENTS

Sept_29	Bank of England Index	Morgan ⁴⁴ Guaranty Changes %
Sterling U S Doular Canadian Dollar Austrian Schilling Belgian Franc	758 99.7 85.1 133.5	-16.3 -8.6 -2.7 -9.9 -5.9
Danish Krose Desische Mark Seisc Franc Geikter	88 7 143 7 164.4 132.4	+0.1 +20.9 +18.9 +13.4
French Franc	68.5 44.8 239.8	-15.3 -21.3 +77.3
Morgan Guarast; 1982 - 100 Bank of	r changes, a England Index	rerage 1980- (Base Average

1975 - 100) Rates are for Sept. 28

OTHE	R CURREN	CIES
Sept. 29	£	5
Argentina Australia Brazili Farland Greece Hong Kong Isan KoreatSchi Kowakt Lizembourg Malaysia Mesico N Sesaked Sason & Singasore S & Si Cm Taiwan Taiwan Taiwan	20.0500 - 20 1900 2 1477 - 2.1505 572 40 - 595 55 7 4575 - 7 4705 254 65 - 599 10 13 1330 - 13 1485 120 30 1210 10 - 1219 80 66 30 - 66 40 4 4036 - 45045 3842 85 - 3857 45 2 1740 - 2 7790 6 399 6 3150 6 5990 6 7315 4 1706 - 4 1815 4 1706 - 4 1815 6 5990 6 7315 4 170 - 48 95 6 1385	11 9200 - 12 0000 1 2755 - 1 2765 132 10 - 331 85 4 3383 - 3 4400 151 10 - 155 60 7 8070 - 7 8090 70 807 - 155 60 7 8070 - 7 8090 70 8070 - 0 28900 39 40 - 92500 39 40 - 39 50 239 40 - 229 00 3 930 - 3 7510 2 0390 - 2 0410 2 4855 - 2 4670 2 490 - 2 90 3 90 - 2 90 3 790 - 3 70 3 7215 - 4 0000 3 90 - 2 90 3 75 - 3 6735

MONEY MARKETS

A FIRM pound, and fading fears of higher UK bank base rates, led to a decline of inter-

est rates on the London money market yesterday. Three-month interbank fell to 11?2-

11% p.c. from 12-11% p.c. According to the weekly

bank return, from the Bank of England, notes in circulation

were 8.8 p.c. higher than a year

ago. This compares with 9.4 p.c. in the third week and 10.0

p.c. in the second week of Sep-

weekly bank return, for early

UK clearing bank base tending rate

12 per cont from August 25 & 25

guidance on M0 monetary

growth, and the possible rate of inflation. Notes in circula-

tion form about 85 p.c. of M0 money supply.

The Bank of England ini-

tially forecast a flat credit posi-

tion on the London money market yesterday, but revised this to a surplus of £150m at

The authorities did not oper-

ate in the market before lunch,

but in the afternoon sold

£152m Treasury bills, due tomorrow, at 11%-11% p.c.

Bills maturing in official hands, repayment of late assis-tance, and a take-up of Trea-

sury bills drained £82m, with a rise in the note circulation

absorbing 250m. These factors were offset by Exchequer transactions adding £110m to

Economists are watching the

London rates ease

liquidity, and bank balances above target of £20m.
In New York the US Federal

Reserve added reserves to the

banking system, via overnight repurchase agreements, when Federal Funds were trading at 8\hat{n} p.c.. The injection was to offset the impact of high and rising Treasury balances at the

Fed. which have drained reserves from the banking sys-

tem. In Frankfurt call money fell

sharply as banks found them-

selves better supplied with

liquidity than expected at the end of the month.

At one time call money touched 3.50 p.c., encouraging banks to buy three-day Trea-

sury bills from the Bundes bank. Three-day bills are offered to the market at 3.50

p.c., to serve as an effective

floor for call money. The Bundesbank withdrew

the money it had supplied last

Friday, via lending from from

state-owned banks, but this had no significant impact.

A shortage of credit was

expected, because of large tax payments, but funds flowed back into the banking system

from the redeposit of pension

Banks' reserves at the Bundesbank rose to DM53.4bn on

Tuesday, from DM49.2bn on

Monday, producing an average of DM55.1bn for the first 27

days of the month. This is above the average requirement

of DM54.4bn set by the Bundesbank for the whole month.

payments.

also higher against the Japa-nese yen at Y134.35 from Y134.20. Elsewhere it finished at SFr1.5830 from SFr1.5900 and FFr6.4050 compared with FFr6.3925. On Bank of England figures, the dollar's exchange rate index was unchanged at

Sterling retreated from a firmer opening to finish unchanged on the day. Its exchange rate index opened at 76.0, but finished at 75.8, the same as Wednesday's close. Profit taking at the day's highs accounted for the turnaround. Early trading had been influenced by a statement from Mr Nigel Lawson, UK Chancellor of the Exchequer, which helped to smooth market fears about the UK trade deficit, and

rising inflation. However, investors were not slow to take profits, as sterling moved above DM3.1700 against the D.Mark, and the pound came back to finish unchanged DM3.1675. It was slightly down against the yen at Y226.00 from Y226.25 and \$1.6825 compared with \$1.6865. Elsewhere it fin-ished at SFT2.6800 from SFr2.6825 and FFr10.7775

against FFr10.7800. The D-Mark opened on a softer note against the yen at Y71.37, down from Y71.43 last night. Many forecasters expect the West German unit to test support at Y71.20, and if this is broken, also at Y71.00.

Dealers suggest that chart levels point to a continuation of the yen's medium term improvement, and with the dollar currently restricted by central bank intervention, whether real or threatened. investors' attention is likely to switch more into the yen/D-

During the afternoon, the D-Mark slipped to Y71.30, before recovering slightly at the close to Y71.39.

EMS EUROPEAN CURRENCY UNIT RATES							
	for central rates	Corrency amounts against. Eco Sept. 29	% change from central rate	% change adjusted for divergence	Divergence jackt %		
Belgian Franc Guish Krone Cerman D-Mark French Franc Outch Golider Frish Pont Ladian Lira	42.4582 7.85212 2.05853 6.90403 2.31943 0.768411 1483.58	43,4932 7.96365 2.07552 7.06434 2.33931 0.773765 1546.63	+2.44 +1.42 +0.83 +0.22 +0.86 +0.70 +4.25	**************************************	±1.5344 ±1.5404 ±1.0981 ±1.3674 ±1.5012 ±1.6664 ±4.0752		

eges are for Ecu,	therefore	positive	diange	كالمحادة	a weak	Q T

Sept_29	Day's spread	Close	One month	63.	Tirree months	% p.a.
iS	66 25 - 66 50 12 134 - 12 16 1 179 - 1 1610 3 1612 - 3 174 260 20 - 261 60 209 20 - 210 20 2358 - 2365 11.654 - 11.704	16620 · 16830 20470 · 20480 35-64 35-74 66-30 · 66-40 12.144 · 12.154 1.1795 · 1.1805 209-25 : 209-25	0 47-0 44cpm 0.28-0.17cpm 2-11cpm 30-19cpm 45-40-39cpm 13-13-13ppm 17-56c55 15-5cpm 2pm-1liretis 4-11-cpells 13-3-3-cpm 15-14-press 12-14-press 12-14-press 2-11-press 2-11-press 2-11-press 2-11-press 2-11-press	323 630 443 422 663 173 0.25 -0.96 4.04 1.45 7.30 8.40	127-122pm 058-041pm 53-54pm 74-59pm 104-95pm 127-1.14pm 95-190ic 11-38dis 30m-30k 41-5dis 10-4-7-pm 34-3-3-3-3-3-3-3-3-3-3-3-3-3-3-3-3-3-3-	2.97 5.86 4.00 3.46 6.47 -2.16 -0.47 -1.56 5.96 7.84
ioglas rate l .00-3.90cps	s convertible francs. F	Inancial frace 67.10-6	7.20 . Six-month 1	orward do	lar 237-232 .pm	12 months

	27-1.22pm 2.90 2.53-0.63ds -1.63
Canada . 12150 - 12210 1 22170 - 12180 0 18-0.22dis 1 97 Metherlands 2 21185 - 21225 2 1225 2 1225 0 52-0 500 pps 2 88 Belgism . 39 30 - 39.50	198-0 84des 20.00 197-15-150m 297 157-153pm 107 189-150pm

						
E	JRO-CL	JRRENC	Y INT	REŞT I	RATES	
Sept.29	Short term	7 Days notice	One Month	Three Months	Six Months	Aen. Gos
erilog 5 Dollar 8 Dollar 6 Gollder 7 Franc euschmark Franc alian Lire Fr, (Find	12-114 84-84 104-94 54-54 44-44 54-5 74-71 12-10 74-74	114-114 83-82 104-44 54-54 24-24 5-44 74-74 114-104 74-74	114-84 85-84 104-93 55-53-6 714-74 114-74 174-74	113-115 88-82 105-105 55-55 513-32 55-55 713-713 173-72	113-114 812-81 104-104 54-54 34-34 54-54 81-8 114-74	114-114 9-83 162-162 53-55 33-55 55-55 84-84 114-72-72

		Đ	CHA	NGE	CRC)\$5 I	RATE	5		
Sept.29	£	5	DM	Yen	F Fr.	S Fr.	H FI.	Lira	C S	8 %
£	1	1.683	3.168	226	10.78	2.680	3.570	2359	2.048	66.3
	0.594	1	1.882	1343	6 405	1.592	2.121	1402	1,217	39.4
DM	0.316	0 531	14.02	71_34	3 403	0 846	1 127	744 6	0 646	20 9
YEN	4.425	7 447		1000.	47 70	11.86	15 80	10438	9.062	293
F Fr.	0 928	1.561	2.939	209 6	10	2 486	3.312	2188	1.900	61.5
S Fr	0 373	0 628	1 182	84.33	4 022	1	1.332	880.2	0.764	24.7
H FI	0 280	0.471	0.887	63.31	3 020	0 751	1	660 8	0 574	18.5
Lira	0 424	0.713	1.343	95.80	4 570	1.136	1.513	1000.	0.868	28.1
C \$	0 488	0 822	1.547	110 4	5 264	1.309	1.743	1152	1	32.4
8 Fr	1 507	2 537	4.775	340 6	16 25		5.381	3555	3 087	100,

FINANCIAL FUTURES

Active start for German bonds

are looking for regular daily volume to settle at between

2,000 and 5,000 contracts after

This will be a considerable

improvement over the Japa-

nese Government bond how-ever, which recorded 416 trades

yesterday, the highest volume

December German Govern-

two or three months.

WEST GERMAN Government bond futures were active on their first trading day on Liffe. Total volume was around 9,000 contracts, with most attention focused on December delivery.

The December contract traded over 7,000 lots, but this may have been partly the result of strong enthusiasm on the first day of trading. Dealers

LIFFE LONG GILT FUTURES OF

LONDON (LIFFE)

Estimated Volume 416 (333) Previous day's open int., 493 (490)

ted Volume 3279 (3952) s day's open int., 14934 (15164)

Est. Vol. (iec. figs. est stown) 5674 (4910) Previous day's open int. 27794 (27522)

1-mth 3-mth 6-mth 12-mth 1.6780 1.6701 1.6591 1.6430

Six Months

뱂

1.6825

FT LONDON INTERBANK FIXING

MONEY RATES

4.75-4.90 713-711

4 70-4.85 75-71, 3-31, 5.43-5.53 4 46875

洗湯

114

115

112

Tressary Bills Iselli): one-month 11.4 per cent; three months 11½ per cent; Bank Bills (selli): one-month 11½ per cent; three months 11½ per cent; treasury Bills: Average tender rate of discount 11.6039 p.c. ECID Fixed Rate Sterling Export Finance. Make up day Sept.30, 1988, Agreed rates for period October.26, 1988 to November 25, 1988, Scheme 1; 15, 12 p.c., Scheme 1; 8, III. 13.41 p.c. Reference rate for period Sept.1,1988 to Sept.30, 1988, Scheme 1½,0; 12.234 p.c. Local Authority and Finance Houses seven days notice, others seven days finance Houses Save Rate 11 from September 1, 1988; Bank Deposit Rates for sums at seven days notice 3 75 per cent Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7½ per cent. eline-twelve months 9 per cent; three-six months 9 per cent; six-alwa months 9½ per cent, nine-twelve months 9½ per cent; Under £100,000 7 per cent, from July 5,1988, Oeposits withdrawn for cash 5 per cent.

1112

1112

LONDON MONEY RATES

(11.00 a.m. Seet 20). 3 months (IS dollars

84 84 83

NEW YORK

Interbank Offer
Interbank Bid
Sterrling CDs.
Local Authority Dess.
Local Authority Boots
Discourt Alkit Deps
Company Deposits
Fidance House Deposits
Fridance House Deposits
Fine Trade Bills (Bury)
SDR Linked Dep Offer
SDR Linked Dep Offer
ECU Linked Dep Offer
ECU Linked Dep Offer
ECU Linked Dep Offer

DANA-STERLING Se per E

1320 820 380 131 30 4

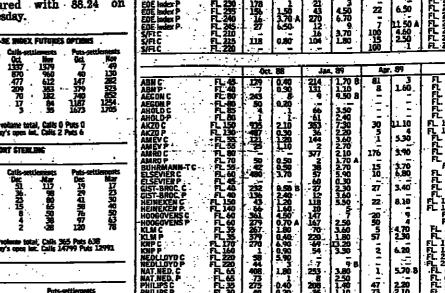
Mar 5.45 3.25 2.00 1.25 0.85

Mar 2.11 2.96 4.01 5.26 6.71 8.23 10.00	1.65 1.70 1.75 1.80 1.85 1.90 1.95 Estim	0 0.82 0 0.45 0 0.46 0 0.46 0 0.46	0.70 0.45 0.45	040 2.35 1.00 0.50 0.50 0.45 85 N/A P	Mar 5,45 3,25 2,00 1,25 0,85 1,55 1,40 nts MA Puts 193	0a 1.05 3.75 8.30 13.30 18.20	Nov 2.15 4.85 8.95 13.65 18.55	Dec 3.25 6.05 9.85 13.50 19.00 22.50 17.60	- N - S - S - S - S - S - S - S - S - S
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Eatest 87-14 86-30 86-13	#figh 87-20 87-02 86-16	87-06 86-22 86-02 85-07	Prev. 87-02 86-18 86-02 85-18 85-03 84-20 84-26	Dec . Mar Jun	CHÉ MAI	1.7508 0.7508 0.7573 0.7647 0.7647 0.7647		0.7505 6.7573 0.7647	0,
	:	:	82-36 82-18	Oec Mar Jun		0.5352	High 0.5356 0.5402	0.5350 0.5400 -	0. 0. 0.
	4.01 5.26 6.71 8.23 10.00 10.00 Y BONESS 6 of 186* 27-14 86-39 86-13	4.01 1.75 5.26 1.80 6.71 1.85 8.23 1.90 10.00 1.95 Estim President ST 8% 8 of 189%	4.01 1.750 0.45 5.26 1.800 0.40 6.71 1.850 0.46 8.23 1.900 10.00 1.950 Estimated volum Previous day's of 87.14 87.20 87.05 87.14 87.20 87.05 85.30 87.02 86.22 86.13 86.16 86.02	2.% 1.700 0.85 1.65 4.01 1.750 0.85 0.70 5.26 1.800 0.40 0.45 6.71 1.850 0.40 0.45 8.23 1.900 Estimated volume testal, C Previous day's open lat: Ca Y BONES CERT 8% In at 180% Lanes: High Low Prev. 87-14 87-20 87-06 38-12 85-13 85-15 85-02 86-02 85-14 85-18 85-09 85-03 85-14 85-18 85-09 85-03 85-14 82-18 85-09 85-03 85-15 85-05 85-05 85-16 85-05 85-05 85-17 85-18 85-05 85-05 85-11 85-15 85-05 85-11 85-15 85-05	Mar Price Oct. Nov Dec 2111 1.650 3.05 3.75 4.40 2.96 1.700 0.85 1.65 2.35 4.40 2.96 1.700 0.85 1.65 2.35 1.750 0.45 0.45 0.45 0.45 0.45 0.45 0.45 0.	Mar Price Oct. Nov Dec Mar 2111 1.620 3.05 3.75 4.40 54.25 2.25 3.25 2.96 1.700 0.85 1.65 2.25 3.25 3.25 5.26 1.800 0.45 0.45 0.45 0.25 3.25 5.26 1.800 0.40 0.45 0.45 0.25 0.25 0.25 0.25 0.25 0.25 0.25 0.2	Mar Price Oct. Non Dic Mar Oct. 2-11. 1.650 3.05 3.75 4.40 5.45 1.05 2-96 1.700 0.85 1.65 2.35 3.25 3.75 4.01. 1.750 0.46 0.70 1.00 2.00 8.30 5.26 1.800 0.40 0.45 0.45 1.25 13.30 6.71. 1.850 0.40 0.45 0.45 1.25 13.30 6.71. 1.850 0.40 0.45 0.45 1.25 13.30 8.23 1.900 0.40 0.45 0.50 1.55 1.25 8.23 1.900 0.40 0.45 0.50 1.55 8.23 1.900 0.40 0.45 0.50 1.55 8.25 1.900 0.40 0.45 0.50 1.55 9.45 1.900 0.40 0.45 0.50 1.55 9.45 1.900 0.40 0.45 0.50 1.55 9.45 1.900 0.40 0.45 0.45 1.25 9.45 1.900 0.45 0.45 0.45 1.25 9.45 1.900 0.45 0.45 0.45 0.45 0.45 0.45 0.45 9.45 1.900 0.45 0.45 0.45 0.45 0.45 9.45 1.900 0.45 0.45 0.45 0.45 9.45 1.900 0.45 0.45 0.45 0.45 9.45 1.900 0.45 0.45 0.45 9.45 1.900 0.45 0.45 0.45 9.45 1.900 0.45 0.45 9.45 1.900 0.45 0.45 9.45 1.900 0.45 0.45 9.45 1.900 0.45 0.45 9.45 1.900 0.45 9.45	Mar	Mar

92.52 92.54 92.41 Pres. 92.52 92.53 92.53 92.05 92.05 92.09 92.04 92.07

ment bonds opened at 95.25, and touched a peak of 95.39, before closing at 95.35.

Short sterling futures opened firm at 88.35 for December delivery, boosted by a stronger pound, and lower cash market rates. This proved to be near the day's high however, and the contract closed at 88.32, compared with 88.24 on Wednesday.



ASTACE ALS SCHOOL IS 1976

- September 29, 1988

TOTAL VOLUME IN CONTRACTS : 30,000 8-8id C-C=1

8A	SE LENDING R	· · · · · · · · · · · · · · · · · · ·
%	%	, in a late of the same
ABN Bank	City Merchants Bank 12	NatMestmissier 12
Adam & Company 12	Communication Brain 12 Communication Brain East 12	Horthern Bank Ltd 12
- AAB - Allied Arab Bk 12	Coram Bir.N. East 12	Morwitch Gest. Trast 12
Allied Irish Bank	Co-operative Bank *12	PRIVAThankes Unched . 12
Henry Ausbacher	Courtis & Co	Previncial Bank PLC 13
ANZ Basiding Group 12	Co-operative Bank *12 Coutls & Co 12 Opens Popular Bk 12	R. Rasbael & Sons 12
Associates Cata Corp 12	· Comparising PLC 12	Rocherche Grander 126
Anthority Bank	Descan Lawrie	Reval By of Scottand 12
B & C Merchant Bank 12	Equatorial Bask ok 12	. Roral Trust Bank 12
Banco de Bikkao 12	- Exeter Trust Ltd 125	● Smith & Williams Secs 12
Bank Hancalin 12	Financial & Gen. Bant 12	Standard Chartered 12
Back Learni (UIO	First Hatiogal Sask Pic. 13	ISB
· Doub Card's & Canana . 12	A Deliver Clause of Co. 17	- HAT Manheyer Com. 972 7
Bank of Crores 12	Robert Frame & Piers. 1212 Grobani 122 Grobani 122 Grobani 122 HFC Bank pic 12 Mandrus Bank 122 Harricalie & Gen inn Bank 122 Harricalie & Gen inn Bank 122	Guited Bloof Kowalt 12
Bank of Ireland 12	Girobank 12	United Mizrahi Bank 12
Bank of India 12	● Guirness Mation 12	- Unity Trest Bank Pic 12
Back of Scotland 12	HFC Back elc	Western Trust 12
Banose Beige Ltd 12	● Hambres Bask 12	Westnac Bank Corp
Barcians Bank	Heritable & Gen tov Bak. 12	Whiteawar Laidian 125
Beechmark Bank PLC 12	● Hill Samuel	Yorkshire Bank
Berliner Bank AG 12	E. Houre & Co	
Brit 8k of Mid East 12	Hongkong & Skangh 12	 Members of British Merci
Brown Singler 12	. • Lespoold Joseph & Sons _ 12	Backing & Securities Hou
Basiness Mitoe list 121	2 Lloyds Bank 12	Association, 9 7 day deposits 5.2
CL Bank Nederland 12	Mechrai Bask Lld 12	Samuelse 8.42%. Too Tier-630.0
Central Capital 12		instant access 11.06% & Mortgage
Charterhouse Bank 12	Midland Bank 12	rate, 5 Demand deposit, 7%, Morts
Citibasi BA		12 375% - 12 75%

Sammise 8.47%: Top Tier-£10,000+ Instant access 11.06% & Mortgage base

แลวัลสา กรรรศัส เสรสัง เคราะหว่า

Harris and Artist

New Issues

Federal Farm Credit Banks Consolidated **Systemwide Bonds**

8.15% \$593,000,000

DUE JANUARY 3, 1989 CUSIP NO. 313311 SE 3

CUSIP NO. 313311 SL 7 **DUE APRIL 3, 1989**

8.45% \$1,075,000,000

Interest on the above issues payable at maturity

8.65% \$500,000,000 CUSIP NO. 313311 TF 9 **DUE OCTOBER 2, 1989**

Interest on the above issue payable April 2, 1989, and at maturity

8.80% \$510,000,000

CUSIP NO. 313311 TG 7 DUE OCTOBER 1, 1990

Interest on the above issue payable April 1, 1989, and semiannually thereafter

Price 100%

The Bonds are the joint and several obligations of the Banks of the Farm Credit System and are issued under the authority of the Farm Credit Act of 1971. The Bonds are not obligations of and are not guaranteed by the United States Government.

Federal Farm Credit Banks Funding Corporation

The Farm Credit System

Dated October 3, 1988

Additional information may be obtained upon request through the Funding Corporation. Bonds are Available in Book-Entry Form Only.

90 William Street, New York, N.Y. 10038 (212) 908-9400

This announcement appears as a matter of record only.

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91.43 (18/4)

312.5

85.28 (2/9)

(8/1)

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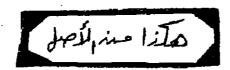
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49.18

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LONDON STOCK EXCHANGE

Special situations dominate market

day, with leading blue chip issues recording only moderate turnover until Wall Street opened firmly, while a host of special issues dominated trading throughout the session Seaq system at 562m shares was the highest for several weeks. Speculative interest inspired turnover of 22m shares in Allied-Lyons, 2.8m in

Grand Metropolitan and 5.8m in Cadbury Schweppes, contrasting sharply with only 910,000 in ICI and 2.2m in Uni-The equity market continued

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•	Accor	nt Donling	Dalaș -
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to digest this week's disclos of another heavy UK trade defi-cit in August without obvious strain. A steady trend in ster-ling helped cool lingering fears of further upward pressure on domestic interest rates. In late trading, oil shares came alight as BP stock was

bought heavily on hopes of

FT-A All-Share Index

940

news today that the UK authorities will allow the Kuwait Investment Office to hold on to most of its 22 per cent stake. Speculative oils hit a "cyclone" of demand, as the market awaited news from the anction of LASMO's stake in

The FT-SE Index closed with

renewed vigour after faltering at mid-session. At its final reading, the index was 16.5 up Aliled-Lyons dominated the consumer sector ahead of the confirmation, after market hours, that Bond Corporation has been the mystery buyer of the shares. Allied are likely to

open lower this morning, on

Equity Shares Traded

Turnover by Volume (million)

400

300

200

disappointment at the absence of a hid move. The Allied drama was but one of several acted out in the market place. Consolidated Gold Fields advanced to £13%, as investors looked for an early consummation of Minorco's bid. Sharing the mining spot-light was Charter Consolited, in which Minorco holds 36 per cent. County NatWest reminded clients that if the Gold Fields bid represents a major reshuffling of the De Beers - Anglo American pack, then Charter could be vulnera-

ble to the same fate as Gold Fields. The disclosure that Grand Metropolitan is in discussions

anit-Aids drug Pentamidine.

One source, however, believes it is premature to expect Fed-

eral acceptance at this stage. Two of the major Overseas Traders rebounded sharply.

First was Harrisons & Cr

668p on speculation that the

group was planning to sell its

plantation interests and use the proceeds for UK expansion. Marketmakers played down

the stories, saying the demand

was more likely from investors hoping for good interim results

Inchcape was the other stock to appeal. A follow-through of

overnight business - some trades were fairly sizeable -

found the market short of sup-

plies and the shares raced 12% higher to 212%p. The better tone of the wider market has

awakened investors to recent recommendations from several

broking houses, said dealers. Lourho volume was disorted

by a marketmakers imput mis-

take. A deal of 500,000 shares

was erroneously recorded as

5m and owing to the system's

inability to correct the running

total the Seaq screen showed turnover at 10m instead of

5.5m shares. Lonrho settled slightly easier 345p. The clearing banks staged

another major advance in active trading - "there has been big buying of the sector on the back of a number of recently issued bullish brokers

circulars, and there is talk of

more in the pipeline" said one

The biggest turnover (5.1m) was in Midland, tronically one

of the sluggish performers in banks. The shares held at 430p

after two single trades of 1.9m shares at 429p and 1.5m at 430p. Lloyds jumped 11 to 321p on turnover of 3.9m.

Merchant banks raced

higher for much of the day but

turned easier at the very end of

the trading session. Morgan

ifeli continued to s

head the upturn amid talk that

the bank may be a possible tar-get for Deutsche Bank, which already has a near 5 per cent

stake; the West German bank announced it had acquired a 50

per cent stake in Australian securities house Bain & Com-

pany, on Wednesday.
Sun Life were again an erratic market, with the shares slumping to 925p at one point before closing a net 29 lower at

985p; the results of the protracted egm were not known as the market closed.

Shares in Mountleigh, the property group, which have languished around the year's

low point for some while amid concern about the health of Mr

Tony Clegg, chairman and chief executive of the com-pany, moved to the forefront in

world debt front.

dealer. It was also pointed out that the market is expecting encouraging news on the third

with the Saison group of Japan regarding the sale of the Inter-Continental Hotels subsidiary, for which Grand Met expects to other consumer stocks regarded as possible targets for a Grand Met hid - Cadbury Schweppes was the most prom-

the City is concentrating on the increasingly speculative flavour of the stock market. "It's true that equities look attractive at present measured against Gilt returns", com-mented Fleming Securities; "but the pound could be looking very weak within a few months".

the early dealings, rising to 143p before settling up 7 on the

Among the current speculative favourites, takeover talk persisted in Metal Box, up 3 further at 259p in a turnover of around 5.5m. Reed Interna-tional improved afresh to close 61/2 dearer at 424p, but volume

Bowater, a buy recommendation with a number of investment houses, raced ahead fur-ther to 427p, up 15. Rank Organisation improved 6 more to 703p. Despite the recent recovery, BZW, the securities house, says that the Rank rating is still undemanding, espe-cially for 1989, and recommend that the shares shoud be accu-

In the retailing sector Dixons dropped 7 to 144p after the chairman warned at the agm that trading "continues to be difficult". June to August "was not too had" according to Mr Stanley Kalms, Dixons' chairman, but the start of September "deteriorated" with the last two weeks showing a "marked

Pittard Garnar leapt another 39 to 217p despite the rejection of the bid from Strong & Fisher, the latter eased 12 to

Speculative interest in food manufacturing and kindred issues followed Grand Metro-

●Opening ● 10 a.m. ● 11 a.m. ● 12 p.m. 1469.4 1474.8 1475.4 1475.3

Ordinary

Ord. Di. Yield Earning Yid %(full) P/E Ratio(Net)(\$\times) SEAO Bargains(5pm) Equity Turnover(\$\times) Equity Bargains† Shares Traded (mi)†

DAY'S HIGH 1478.6

Talk of a possible change in management and vague takeover suggestions were behind the initial flurry of activity. Mountleigh, however, susbsequently stated that Mr Tony Clegg is recovering well from his recent operation and will be resuming his executive responsibilites in the very near

was at a low level.

mulated

over hopes that a European consortium is being put together to acquire the UK

TRADING VOLUME IN MAJOR STOCKS

FINANCIAL TIMES STOCK INDICES

4.75 11.97 10.12 22,740 927.23 21,743

23,112 890.64 22,031

DAY'S LOW 1489.4

Basis 100 Govt. Secs 15/10/25, Fixed Int. 1928, Ordinary 1/7/35. Gold Mines 12/9/55, SE Activity 1974, WNII 10.18 fExcluding kn

4.78 12.05 10.05 19,578 735.56 20,913 271.7

politan's admission that it is talking to a Japanese group regarding the sale of Inter-Continental Hotels. Cadbury Schweppes, seen as a possible target for Grand Met, jumped 9 to 384p. S.W. Berisford at 414p gained 24p despite a comprehensive rejection by AB Foods of market rumours that it has sold its stake in Gateway in

preparation for a bid for Berisford. Northern Foods, at 282%p, continued its speculative advance. In hotels, Trusthouse Forte closed 4½p up at 269½p in brisk turnover, driven by take-

hotel group.

Continuing speculation of

US and European stakebuildexaggerated, and that the mar-Rockwell of America and Siemens of West Germany, lifted Lucas Industries 7 further to A Morgan Grenfell buy recommendation "for strong

growth in amount and quality of earnings, with an excep-tional dividend yield boosted shares of LIT Holdings 10 to 140p. Analysts Rosemary Chalmers and Patrick Fraser suggest the stock's extremely low rating reflects general wariness of the financial sector, and concern that the futures markets may suffer restrictive controls following last year's stock market collapse. They helieve that LIT will produce results which prove these fears

ket rating will adjust to reflect. Turnover in traded options was down on Wednesday's levels but remained at relatively high levels. Calls came out at 30.013 contracts and puts at 7,817 contracts giving an over all total of 378,830. The FT-SE index contributed 4.098 calls and 1,640 puts, while Trustand 275 puts. Sears, scheduled to announce interim figures next Tuesday, attracted 2,258 calls and 1,388 puts.

■ Other market statistics. including FT-Actuaries Share Index and London Traded Options, Page 27

Bond's holding unveiled

Bond Corporation is now the owner of some 11.03 per cent of Allied-Lyons. Late yesterday, the latter confirmed that the Australian group had increased its stake from 7 per cent without explanation, and that the holding was now regarded as unfriendly. Speculation has persisted since Friday of a stakebuilding operation and Allied shares have risen strongly. After-hours yes-terday, however, they were less trothy, trading on the basis of 455p-460p compared with the earlier official close of 469p. Two further large deals in Allied shares, one of 9m and

another of 8.8m at the a commmon price of 468p, had earlier re-directed attention towards Smith New Court, the London trading house leading the activity. Smith would not furnish any clue to the identity of the buyer but Allied shares prospered further amid speculation that a development was

ENCING RATES

Citicorp Scrimgeour Vickers' search team of Colin Humphreys and Ian Shackleton blished yesterday its verdict on Allied. They describe the group as a "superstore of assets" and undervalued busi-nesses, but re-iterate their view that an immediate bid from Mr Alan Bond is unlikely. If Allied, however, fail to show good earnings growth over the next couple of years, Mr Bond could then have a crack at the group, they say.

Gas switched on

British Gas shares celebrated their listing on the Tokyo Stock Exchange - they are the 100th overseas group to mtry to that market with an 3% gain to 172p. Turnover was 4.4m. The stock was additionally

boosted yesterday by a "switch British Telecom into British Gas" recommendation issued jointly by Patrick Wellington and Nick Antill of County Nat-West WoodMac.
The County due say:"In the comparison of these two utility

stocks, Gas comes out as sty-nificantly cheaper on yield and p/e grounds and the stock is close to its historic relative low against BT".

County forecasts earnings growth of Gas over the next two years at +12 per cent fol-lowed by +14.5 per cent. Earn-ings growth at Telecom is expected to be +13 per cent followed by +9 per cent. The securities house expects dividend at Gas in the two

Sep Aug

years to be + 9 per cent and +16 per cent while that of Telecom to be +10.5 per cent and +9.5 per cent. Telecom is trading on a prospective p/s of 9.1 times and yield of 5.8 per cent against a p/e of only 7.7 times and yield of 7.5 per cent

T.Rentals demand

Telephone Rentals(TR) where Cable & Wireless(G&W) are bidding 305p a share, made are duging 3top a state, made further strong progress on buy-ing generated by Press com-ment suggesting that C & W will have to increase their offer to at least 375p a share fo win agreement from the Telephone Reytals board Rentals board.

The shares touched 346p before coming off the top to close a net 9 higher at 344p, after turnover of 2.9m. Prolific Unit Trust Managers announced yesterday they had increased their holding in TR to 5.76 per cent while C & W revealed they had upped their stake to 2.2 per cent.

C & W shares were among the best performers in a very firm electronics/telecoms markets, still helped by the recent hatch of bullish recommenda-tions from stockbrokers analysis; they closed a net 7 higher at 394p, following turn-over of around 3m shares. The whole of the oil and gas

sector staged a strong advance late in the session despite the weak showing of crude oil prices which were

tor since the referral. BP "old" shares, where turnover expanded to 6m shares, settled 4 higher at 246p, and the "new" 5 up at 146%p on turnover of 7.3m; several of the leading marketmakers were said to have been bidding aggressively for stock, while there was also keen interest in the options

Enterprise Oil surged ahead to close 48 higher at 695p, after touching 700p, with the story here suggesting that there have been at least two tender offers of around 800p a share for the 25.4 per cent st up for auction by LASMO. The latter's shares mirrored the overall buoyancy of the sector and pushed up 31 to 570p; the results of the auction are

expected around October 7. Ultramar, one of the best performers in oils over the past few days, sported a further 18 to 262p with the "new" shares racing up to close 17 higher at 62p. The stake-building stories surrounding the stock all week were put up again yesterday. Glaxo made most of the run-

ning in what was described as another "good day" in the international stocks. Volume built up in the shares as US buyers showed a keen interest. leaving the price 24 higher at 1064p after a turnover of some 2m. Activity tailed off a little in ICI (just under lm changed hands) but with buyers still predominating, the shares around 35 cents a barrel during the afternoon.

BP were particularly active the good at 1037p. Wellcome nudged a little better to 507p, while Reckitt and Colman also the afternoon.

EP were particularly active and rose strongly amid market rumours that the Kuwait investment Office stake in BP, around 22 per cent, would be allowed to stand, thereby removing the major cloud that

NEW HIGHS AND LOWS FOR 1988

NEW MIGHE (37).
MENGANE (1) US West, SANGE (2) Lloyde, Wells, Fargo, SACWETS (1) Merrydown Wine, BULLOWS (3) Copon (7), Newarthill, Wilson Bowden, SLECTECALS (8) DOT GT, Hosigns, Fersisher, Take, Rentale, Theory (F.W.), Wholesele File, BULLOWS (2), PROPERSION (2), ASW, Ramouries Sims, Verson Let., PRODES (3) Bertadord (5.4 W.), ROTELS (3) Trusthouse Fotos, BRUINTERALS (3) Trusthouse Fotos, BRUINTERALS BHÖRBERGER (1) Bertsters (1) Verson (10. F0006 (1) Bertsters (1) POTES (1) Trusthouse Forte, BEDLETTES (5) Avidel, Charler Cone., Johnson Clean Allestes, Seron, BEDLETES (1) Sen Alleste, MOTTORS (1) Courie (1), FROPI (1) East, & Gen., Fropress Est., TRUSTY (2) East, & Gen., Foughtes & Gen.

Market liw., Respect, Cil.S (1) Statesh 5¹2pc Lr. 91-95, OVERSEAS TRADERS (1) Fisiey (1).

HEW LOWS (22), CANADIANS (1) Sonors Gold, STORES (2)
Dhous Grp., Rethree, ELECTRICALS (3)
Chainge Cons., Personal Compa., UCI.
Grp., POODS (2) Acatos & Hatcheson, Best;
(Sidney, C.), MOUSTRALS (7) Amer Grp.,
Coated Exptrodes, Kenyon Socs., Pagesmo Prol. & Fin. Serv., 83 Grp., Shilot, TT Grp.,
SHERRANCE (1) Shurge Hidge., LESSURE
POOL. TRUSTS (1) Shurge Hidge., LESSURE
Prol. - TRUSTS (1) Authy Inv., MINESES (2)

DISBANK

Türk Dış Ticaret Bankası Turkish Foreign Trade Bank

U.S. \$ 60,000,000 **Export Financing Facility**

INTERNATIONAL FINANCE CORPORATION

Arranged by MORGAN GUARANTY TRUST COMPANY OF NEW YORK

U.S. \$ 12,500,000 5 year tranche provided by International Finance Corporation

U.S. \$ 47,500,000

57 month, 39 month and 27 month tranches provided through International Finance Corporation participations by

Lead Managers

CAIXA GERALDE DEPOSITOS · BAYBANK BOSTON, N.A.

UNION BANK OF FINLAND (FRANCE) S.A. **CREDIT LYONNAIS**

DEUTSCHE BANK LUXEMBOURG S.A. MORGAN GUARANTY TRUST COMPANY OF NEW YORK

DRESDNER (SOUHT EAST ASIA) LIMITED

Managers

PRIVATBANKEN LIMITED

BANCA CRT BANQUE INTERNATIONALE DE COMMERCE

BANCA COMMERCIALE ITALIANA BANCO DI ROMA INTERNATIONAL S.A.

BAYERISCHE VEREINSBANK INTERNATIONAL

BRED- BANQUE REGIONALE D' ESCOMPTE ET DE DEPOTS (PARIS) CREDITANSTALT-BANKVEREIN MANUFACTURERS HANOVER TRUST COMPANY

ÖSTERREICHISCHE VOLKSBANKEN- AKTIENGESELLSCHAFT RABOBANK NEDERLAND BANCO TOTTA & ACORES

UNITED BANK OF KUWAIT PLC SWISS VOLKSBANK

PROVINSBANKEN A/S

POSTIPANKKI LTD

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

August, 1988

This announcement appears as a matter of record only.

APPOINTMENTS

Chairman of Ernst & Whinney

Mr Elwyn Eilledge has become chairman of ERNST & WHINNEY INTERNATIONAL, accountants. He continues to be senior partner of the UK firm. Mr Silledge became a partner in 1972. He moved up to managing partner of the London office in 1983 and was made senior partner of the UK firm in 1986.

WATES CONSTRUCTION (LONDON) has appointed Mr Malcolm Fairclough as marketing director.

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115

m Mr David H. Benson will become a non-executive director of BRITISH GAS on October 1. He is a director of

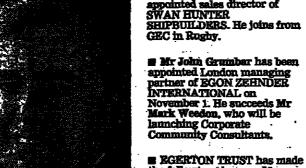
■ Viscount Weir, chairman of the Weir Group, has been elected the 1988/89 president of BEAMA. Mr T. Harrison, chairman of NEI, is the new deputy president.

Mr Peter Kills, former managing director of Trinity Insurance Co, has joined the central insurance services division of ALEXANDER STEVEDUNG UK as STENHOUSE UK as director-underwriting

management. ■ HOLLYWOOD NITES, a division of Parkfield Group,



Mr Jim Davis, chairman of DFDS (UK), has been appointed the first chairman



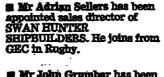
Mr Elwyn Rilledge, chairman of Ernst & Whinney Interna-

Ameche as director of product

of BRITISH RAILWAYS Angila regional board.

mr Philip-Dearing has been appointed general manager (subsidiary operations) for NORWICH AND PETERBOROUGH BUILDING SOCIETY. He joins from TSB England & Wales, where he was assistant to the managing director.

Mr John Hartley, a director of SIMON ENGINEERING, is retiring on October 14. His responsibilities for the merchanting and storage group will be taken over by Mr Peter Cook, managing director of Simon's services division.



🛮 Mr John Grumbar has been appointed London managing partner of EGON ZEHNDER INTERNATIONAL on November 1. He succeeds Mr Mark Weedon, who will be launching Corporate Community Consultants.

the following changes: Mr Samuel T. Wright becomes deputy chairman whilst retaing full operational responsibility for all American activities as president of Egerton Inc. Mr Bill Esplen is made managing director-finance with responsibility for the new financial services activities mancial services activities
within the group, as well as
group corporate finance. Mr
Nick Sanderson is appointed
managing director - operations
with responsibility for all UK
activities (except financial
services). He remains managing director of Beaumout Health Care.

Mr David Cohen has been appointed a non-executive director of COMBINED CAPITAL, Glasgow.

E Mr David Mason has been appointed director of finance and administration at the INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALKS from October 24. He is controller,



Mr Roger N. Head will become managing director of ROBERT GLEW & CO on October 3. He was managing director of Mobile Merchandising Co.

accountancy advice group, HM Treasury, and head of the Government accountancy

Mr James R. Ferard has been appointed deputy chairman of R.K. CARVILL & CO. and chairman of its executive committee EVANS HALSHAW

EVANS HALSHAW
HOLDINGS has appointed Mr
Ian Buckley, Mr Jeff van den
Broek and Mr Roy Kishor, all
original members of the management buy-out team in 1985, to the main board. Ms Sheila Hardaway has been made an executive director of WHALE HARDAWAY CO, stock and

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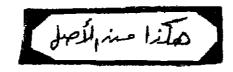
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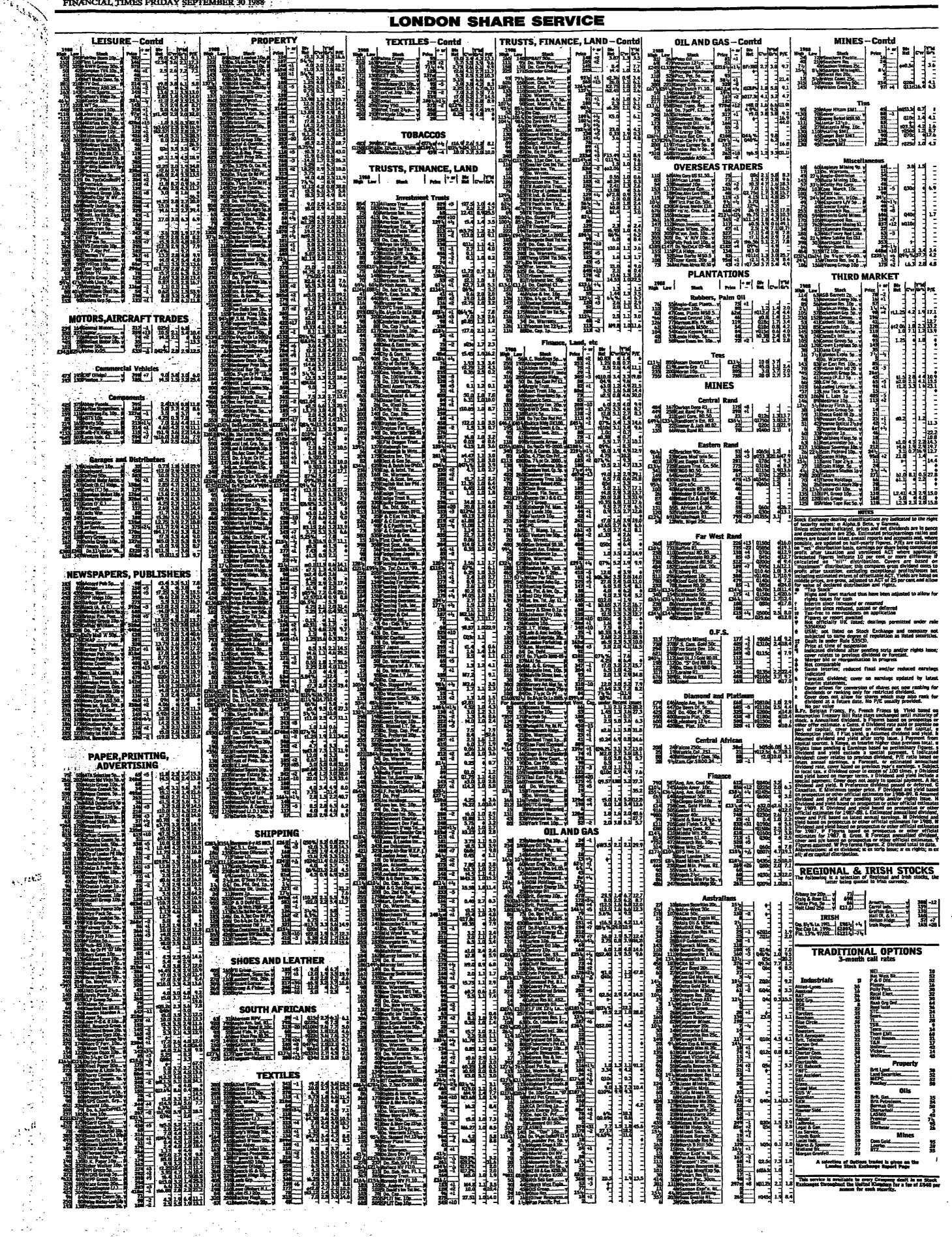
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COMMODITIES AND AGRICULTURE

Philippines to tackle coconut aflatoxin

By Richard Gourlay in

THE PHILIPPINES coconut industry yesterday launched an information drive to persuade growers to reduce levels of cancer-inducing moulds in copra meal, which are threatening sales to the EC, its only export market.

The campaign points out how poor post-harvest handling of coconut products leads to high aflatoxin mould among baby food manufactur-ers, particularly in West Ger-many, to deal with farmers who feed their cattle with copra meal cake.

The Philippines exports all its copra meal, worth \$75m in 1987, to the EC and 70 per cent of it to West Germany. San Miguel Corporation, the

powerful beer-based conglomerate with coconut milling interests, will lead the private sector information rive with local radio advertis ing and its countrywide marketing network in an effort to reach the 18m Filipinos dependent on coconuts.

Behind the publicity fanfare is an increased, if belated, effort to reduce aflatoxin levels significantly below EC maximums which are due to come into effect in December.

The Agriculture Department is now considering quarantining moist copra meal delivered to mills to prevent contamination of acceptable produce, Mr Jose Romero, the Philippine Coconut Authority chairman

said yesterday.
With the help of improved laboratory equipment, supplied through British aid, and testing stations in outlying areas the Government also hopes to isolate the trouble spots like the humid areas in the southern island of Mindanao. The PCA has started to distribute simple kiln-dryers to remove the moisture on which the aflatoxin flourishes but some industry officials say efforts to improve post-harvest handling are too little, too late.

In December an EC standard comes into effect banning the import of copra meal with more than 200 parts of aflatoxin per billion. While Mr Romero and the industry feel confident that most Philippine copra meal currently meets this level, West German traders, under presure from end-users, are pressing for tighter controls - a maximum level of

50 parts per billion. A West German Embassy official in Manila said that while there was as yet no draft to make German regulations tougher than the rest of the Ministry of Health was "still considering lower levels" of aflatoxin.

LME to set up Japanese warehouses next year

By Kenneth Gooding, Mining Correspondent

THE LONDON Metal Exchange expects to set up its first warehouses in Japan next year and the first shipments of aluminium should be delivered to them by July 20, Mr Christopher Green, the exchange's chairman, revealed vesterday.

He also said it was possible that an LME authorised warehouse for nickel as well as aluminium might be set up in the US before then. The introduction of ware-

houses nearer major users of aluminium in Japan and the US and the coming change in the aluminium contract from standard to the more widely produced high grade should make the market much more liquid and reduce aluminium price volatility, Mr Green predicted.

This should widen the appeal of the LME contract for the industry as a whole, he

The exchange hoped its rices would be more widely

used as a benchmark by aluminium producers and begin to match the influence of the copper contract on world

prices.

A more liquid and less volatile market would also make it less prone to being squeezed in the way that it was last June, when there was a shortage of aluminium available for immediate delivery and some companies were forced to pay more than £100 a tonne to borrow metal (sell forward and buy cash) for one

Mr Green insisted that the squeeze had not done much damage to the LME's reputation and that the exchanges board had been right not to intervene.

He personally believed that the rumours about the huge profits made out of the squeeze were grossly exaggerated, although he did not doubt that some people suffered some

Mr Green was speaking at a

ceremony to mark the 10th anniversary of aluminium trading on the LME. He recalled that the contract had been launched in the face of considerable opposition from the major producers but "today it is vying with copper to become the most successful

He predicted that the phasing out of the current standard aluminium contract (of 99.5 per cent purity) on December 21 in favour of the high grade (99.7 per cent pure) contract would go relatively smoothly although there might be some bumpy moments. High grade aluminium for delivery in three months fell to

contract traded on the

\$2,080 a tonne at one stage yes-terday, the lowest level for five and a half months. But it recovered to end at \$2,107, down \$30.50 on the day. Cash high grade fell by \$35 to \$2,135 a tonne. The standard aluminium cash price dropped by £32.50 to £1,237.50.

Row over Indonesian project continues

By John Murray Brown in Jakarta INDONESIA HAS agreed to increased share of the

allow two aluminium shipments totalling 22,000 tonnes to leave for Japan, while officials try to resolve the continuing dispute over the Y411bn (£1,8bn) Asahan joint venture

A unilateral decision last month by the Indonesian partners to stop shipments from the north Sumatran smelter was strongly criticised by Japanese trade officials. Executives from Nippon Asahan Aluminium Company a consortium of 12 Japanese smelting companies left Jakarta this week apparently without reaching agreement.
Indonesia is calling for an

production as it blds to satisfy growing domestic demand in own fabrication industries. Power is the single largest cost component in aluminium smelting and Indonesia feels its contribution in this area is inadequately reflected in the current output split, under which Indonesia takes 41 per cent of the 225,000 tonnes

Japanese officials point out, however, that the original master agreement puts a ceil-ing on Indonesian offtake at a third of production or 75,000

produced by the plant

The project underwent a

major corporate restructuring last year with Japan's Over-seas Economic Co-operation Fund agreeing a Y24bn cash injection to help ease the project's debt burden. The appreciation of the Yen is estimated to have doubled the dollar value of the project's borrowings since it was launched in the 1970s, officials

The company reported an operating profit of around US\$50m in the year to March. Higher ingot prices, up more than 150 per cent in the last year have helped put the project in the black for the first time in seven years of

India plans grain strategy

(winter) season.

annually.

THE INDIAN Government yesterday began a two-day conference of officials aimed at maximising agricultural pro-duction this year so that the losses caused by the current floods in some states can be It hopes that the original

target of 167m tonnes for the year will still be achieved. The heavy rains and floods in northern Indian states, particu-larly in Punjab, which is the country's grain bowl, are estimated to have cost about 1.5m tonnes in foodgrain summer crop which is to be harvested in the next few farming, proper water manage- of a bountiful monsoon.

COCOA É/topne

Close

COFFEE L'Itonne

795 841

Turnover: 4726 (3514) lots of 10 tonnes

ICCO indicator prices (SDRs per tonne). Di price for Sep 28: 924.05 (914.56) :10 day avers

Close Previous High/Low

1214 1212

833 816

Although the loss is not as evere as might have been feared in view of the intensity of the floods, plans are being formulated to increase produc-tion in the rest of the year, particularly in the coming rabi

If the plans drawn up at yesterday's conference are put into effect, it is possible that the new target of 170m tonnes for year will be achieved, thereby raising foodgrain production to a record level. Officials hope this target will inputs, development of dryland

LOHDON METAL EXCHANGE

2130-40 2106-8

Aluminium,99.5% purity (£ per tonne)

1235-40

n, 99.7% purity (5 per tonne

2165-75 2135-40

ment and other steps to be

taken. The main damage caused by the current floods is in Punjah where 1m tonnes of the rice crop is estimated to have been lost. This could bring down the kharif crop to 96m tonnes instead of the target of 97m

Before the monsoon began in May, the Government set a target of 166m tonnes for the financial year ending March 1989, which included 74m tonnes in the coming winter. Hopes are that this target will is expected to be high in view

2130-40 2096-100

Rubber price below 'must sell' level

By Wong Sulong in Kuala

SALES BY the International Natural Rubber Organisation's buffer stock manager have succeeded in pushing the price of the commodity back into the target range set by the

The five-day moving average indicator, which triggers buffer stock activity at both ends of the range, fell to 241.82 Malaysian/Singapore cents a kilogram yesterday, moving below the "must sell" level of 242 cents for the first time since January. On the Kuala Lumpur rub-

the hedging grade, eased by 1 cent to 300 cents a kilogram.

Traders said sentiment was also depressed by defaults on everal major contracts for latex concentrate by Taiwanese, Hong Kong and American producers of surgical gloves and condoms.

Mr Aldo Hofmeister, manager of the Kuala Lumpur-based buffer stock, disclosed that he had sold about 100,000 tonnes between April and June when prices rose sharply to an eight-year high. The sales were for three months forward, and deliveries are still being made to consumers.

Since last September, when the price breached the "may sell" level of 232 cents, he has sold more than 320,000 tonnes from his 370,000 tonne stock-pile. He is now conserving the balance and is reported to have stopped offering

Mr Hofmeister felt the price had dropped a little too sharply, and he expected a technical correction around mid-Octobe

Malaysian Rubber Exchange official said heavy rains in Malaysia and Thailand in August and September had affected production, and prices would be firming.

Meanwhile, Malaysian rub-ber research authorities said they would start a pilot scheme to plant rubber trees as part of the national refores-

Spain's 'Mr Strawberry' seeks broader horizons

Tom Burns on moves to diversify monoculture production into exotic fruits and plants

URVEYING THE hori-Sons of one of his Huelva province farms, framed by the Atlantic, sand dunes, eucalyptus trees and pines, Antonio Medina is determined that strawberry fields should not last forever. What he wants in their place are "lots of exotic fruits and plants." And he is resolutely working

towards that end.
A one-time Sevillian lawyer, turned agricultural entrepre-neur, Mr Medina can claim to be Spain's "Mr Strawberry", for he introduced the intensive cultivation of the fruit nearly 30 years ago on the same shores of Palos de la Frontera that half a millennium ago saw Christopher Columbus leave for the New World. Huelva province earned Pta 30bn (£140m) last year from straw-berries, more than half of it

from exports.

Most of the fields are near
the village of Palos, where Mr
Medina owns some 600 acres, and around a second booming and around a second booming new agricultural town called Lepe, further west along the coast towards Portugal's Algarve. Mr Medina farms 2,000 acres in Lepe. Now, aware that more than 60 per cent of Huelva's agricul-tural income is strawberry-based and convinced that

based and convinced that "monoculture is fatal," Mr Medina, 63, has refired his pioneering ambitions. He is spending a lot of time and money on his determination to become "Mr Diversification". At Las Madres, the Palos farm, 4,000 tonnes of strawber-

ries were harvested last year between November and May, 2,500 tonnes of them for export. This year Mr Medina has cut the farm's strawberry acreage by half. In place of the little red fruit there is now row upon row of a leafy, long-lasting fern that Mr Medina first saw growing in Costa Rica 12 years

ago.

He sets great store by this fern. It is, he claims, the perfect support for cut flowers and he is its only commercial producer in Europe. Currently

load of the ferns to Scandina-via and West Germany. Next year mr Medina expects a jump in orders and a lorry load a

Other former strawberry fields have been devoted to a whole range of experimental plants that are being gradually adapted to the coast of Southwest Spain. One of Mr Medina's maxims is that engineering a green revolution in Huelva's scrub land does not just involve irrigating the soil, something that does not, incidentally, present problems for there is plenty of water beneath the sand dunes. "What we really have to do is to irrigate people's brains,"

When he first started buying land near Palos in 1961 a hectare produced a tonne of strawberries every two years. Patiently Mr Medina, who taught himself all he knows about agriculture, introduced sand cultivation technology that he had read about and had seen at work in California and in Israel. He also tried out 72 different varieties of strawberries before he found the one best suited to Huelva.

The same land in the Palos area is now producing an average seven tonnes of strawber-ries a hectare and a peak of eight in just one year.

Mr Medina, who was an orphan and worked his way through law school in Seville, had specialised in offering legal services to agricultural co-operatives before he turned to farming himself. As he experimented with the new technologies he imported he was generous in helping others in the area to do the same. It took a decade for the

advanced methods and the news seeds to take root among local farmers. Then strawberry co-operatives began to spring up in Palos, in Lepe and elsewhere in Huelva province, imitating Mr Medina's plastic tunneling, his techniques of mixing fertilisers into the

one juggernant a week calls at irrigation and his computer-Las Madres to transport a full controlled drip watering methods. Seven years ago Mr Medina's company, Sur Horticola, built the the first strawberry quick freezing plant in Spain on the Palos farm and the local co-operatives soon followed

The danger, as he sees it, is that it has become far easier now to increase strawberry production than it is to create strawberry markets.

The European market, Mr Medina says, is close to being giutted, although one possible growth area is the UK, where, Mr Medina says, only 250 grams of strawberries are consumed per capita a year. "50 per cent of Britons have never tasted a strawberry," he never tasted a strawberry, he claims. By comparison Spaniards eat 3 kg of strawberries per head a year, followed by the Belgians and the Germans with 2 kg and the French who, according to Mr Medina's estimates, consume 1.5 kg.

Along with the leafy Costa Rican ferns, Mr Medina is now

investing heavily in a South African variety of apples that is harvested in May and June, a type of fig that grows on miniature trees that were perfected in Israel. Determined to diversify Sur Horticola, wholly-owned by Mr Medina, has already built up extensive orange and grapefruit planta-tions at Palos and Lepe and is conducting experiments with exotic fruits such as persimmons and pomegran-

Mr Medina, who makes at least 12 business trips a year with California and Florida Israel and South Africa high on his travel agenda, says that his company is currently allocating 4 per cent of its total sales income for research into new

"If we apply technology properly here in Huelva, with its 3.500 hours of sun a year, we can grow anything we want," he says. "But we must have lots of eggs in lots of

Sea Fish Industry Authority to double catch levy

THE SEA Fish Industry Authority, set up by the UK-Government in 1981 to promote the national fishing and fish processing industry, plans to double the levy it charges on fish landings in the UK.

The authority hopes to implement the increased levy next year, when government funding will come to an end.

US MARKETS

THE METAL markets traded similar to

recent sessions, gold and silver prices experienced little changes, reports Drexel Burnham Lambert. Overseas

med to make up most of the days

buying in platinum helped prices

advance over \$6. Rollover activity

volume. Copper advanced 240 points as commission house buy stops kept

the rally alive. In the softs, both coffee

and sugar markets posted gains.

Commission houses and the trade

were active participants in both markets. Cocoa slipped but volume

was very light. The grain markets

continued to lack volitility. Sovabas

and wheat prices were slightly lower while maize futures remained

unchanged. In the cotton market, local activity dominated trading. Pork belly

improved in the markets. Cattle and

hog futures were mixed with less activity. In energy trading, crude oil

local traders controlled the market as

futures again had a slugg

WORLD COMMODITIES PRICES

(Prices supplied by Amaigamated Metal Trading)

2125-30

AM Official Kerb close Open Interest

Ring turnover 22,700 tonne

Ring turnover 6,500 tonne

12,611 lots

36,373 lots

In 1984 the Ministry of Agri-culture, which includes fish-eries in its brief, made £7.9m available to the authority for three years. It agreed a further £4m grant for the two years ending March 1989.

After allowing for exceptions to the levy in some cases, the authority's income from the production, particularly rice, be achieved through increased in the kharif season, the use of fertilisers and other use of fertilisers and other moisture retantion in the soil levy would be 82 per cent a year higher after the proposed rise, yielding an annual £6.5m.

The authority, which will sales was now £400m a year higher after the proposed industry, said yesterday that campaign started.

This would be sufficient to meet existing commitments, apart from television advertising, for the next two years. A further increase would proba-bly be needed in April 1991. The money has been used to

support programmes in mar-keting, training and quality and technical development.

paign now running would not be renewed because of the cost. "Mr Ben Davies, chairman of the authority, said that in consultative meetings he had found a high degree of support for all activities except the tele-vision campaign. But he noted

LONDON MARKETS

COFFEE prices staged a late rally to regain earlier losses. The market was

rvous, awaiting turther news from

the International Coffee Organisatio talks in London. Some traders said that optimism about the outcome of the talks, which are trying to agree a total world export quote for the coming year, may have been overdone, given the wide gap between proposals emerging from the consumer and producer sides. However, the prevailing view is that an agreement is likely to be reached when the talks end today. Cocoa prices fell again in early trading, regaining some of the lost ground in the late afternoon. But the slight rally was seen as a temporal reversal of a strong downward tren

oblective and £650 possible soon.

by bearish fundamentals.

SPOT BOOKETS		
Crude off (por barrol FOB)		+ 07 -
Duta	\$10 55-0 65z	-0.325
Brent Blend	\$12,50-2,550	-0.425
W 7.I. (1 pm est)	\$13.95-J.99z	-0.215
Oil products (NWE prompt delivery per	lonne CIF)	+ or -
Premium Gasoline	\$169-172	
Gas Oil	\$113-116	
Heavy Fuel Oil	\$58-59	
Naphtha	5127-129	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)	\$397 75	+2.25
Silver (per trey ozid	620c	+4
Platinum (per troy oc)	\$503.0	+ 10.5
Palladium (cer troy oz)	\$1190	+10
Aluminium (free market) Copper (US Producer) Lead (US Producer)	\$2135 124 \$ -27 4 c 39c	-65
Nickel (free market)	510c	-15
Tin (European free market)		-40
Tin (Kusia Lumpur market)		+0.05
Tin (New York)	342.5c	
Zinc (Euro. Prod. Price)	\$1312.5	
Zinc (US Prime Western)	69 %c	
Cattle (live weight)†	109.790	-2.32°
Sheep (dead weight)†	142 02B	-5.01"
Pigs (live weight)†	71.28p	-1.59
London daily sugar (raw)	\$244.01	-6.0
London daily sugar (white)		-7.0
Tate and Lyle export price	1253.0	-3.5
Barley (English feed)	p9012	-0.5
Maize (US No. 3 yellow)	£127~	
Wheet (US Dark Northern)	£124z	
Rubber (spot)♥	61.50p	-0.75
Rubber (Oct)	68.750	-0.50
Pubber (Nov) 🖤	69.25p	-0.50
Rubber (KL RSS No 1 Oct)		-1.0
		
Coconut oil (Philippinesis	\$560w	
e(neicysien)§	\$420q	

ry	Jen	1195	1185	1195 1157
ιd,	Mar May	1173 1174	1162	1175 1139
	Jiy	1175	1160 1160	1170 1140 1170 1144
	Sop	1170	1160	1160 1144
ed	Turnow	ac 4979 (105081 Lots	of 5 tonnes
	ICCO I	ndicator s	ricos (US o	contra per coun
	Sop 29	: Comp.	delly 1180	5 (116.24), . 1
	avetag	a 11388 (113.68).	
07 -				
325	SUCAL	1 (S per to	ines)	
.425				
L215	Rew	Close	Previous	High/Low
	Oct Dec	217.00 214.80	212.40	219 00 210.60
	Mar	210 80	209.40 205.80	215.00 212.40 204.60
or -	May	208 00	202.40	218.00 202.40
	-			
	White	Close	Previous	High/Low
	Dec	239 00	235.00	240.00 236.00
or -	Mar	240 00	235.00	244.00 234.00
2.25	May	241 60	236.00	236 00
4	Aug	242.00	238.00	237 50
10.5				lots of 50 to
10		073 (955) Walio (5		ne): Dec 1545
5	1575 1	1840 (F)	T PER CON	Nat 1560, Dec
	1-000, 10	40 J.	AUG 1343.	JUL 130U. DUE
	1000, 11	ay 1000,	AUG 1345, 1	JUL 1300, DEC
5	1000, 11	ay 1000,	Aug (Sis),	DCL 1380, DSC
0		L \$/tonne		
		L \$/tonne		
0	GAS O	L S/tonne Close	Previous	High/Low
0 0.06	QAS OF	E. S/tonne Close 113.75	Previous 115.75	High/Low 114.00 113.00
0	GAS O	L S/tonne Close	Previous	High/Low 114.00 113.00 118.25 115.00 118.00 117.00
0 0.05 .32°	QAS OF	Close 113.75 115.50 117.75 118.00	Previous 115.75 117.50 119.25 119.75	High/Low 114.00 113.00 118.25 115.00 118.50 117.00
0 0.05 .32°	Oct Nov Doc Jen Fob	Close 113.75 115.50 117.75 118.00 118.25	Previous 115.75 117.50 119.25 119.75 119.25	High/Low 114.00 113.00 118.25 115.00 118.00 117.00 118.50 117.75
0 0.05 .32°	GAS OF	Close 113.75 115.50 117.75 118.00 118.25 116.75	Previous 115.75 117.50 119.25 119.75 119.25 118.50	High/Low 114.00 113.00 118.25 115.00 118.00 117.00 118.50 117.75 117.00 118.50
.32° .01° .50°	GAS ON Oct Nov Doc Jen Fob Mar Mar	Close 113.75 115.50 117.75 118.00 118.25 116.75 115.00	Previous 115.75 117.50 119.25 119.75 119.25 118.50 116.00	High/Low 114.00 113.00 118.25 115.00 118.00 117.00 118.50 117.00 118.25 117.75 117.00 118.50
0.05 0.05 0.05 0.1' 59"	GAS OR Oct Nov Doc Jen Fob Mar May Jun	Close 113.75 115.50 117.75 118.00 118.25 116.75 116.00	Previous 115.75 117.50 119.25 119.25 119.25 118.50 116.00 115.50	High/Low 114.00 113.01 116.25 115.00 118.00 117.00 118.50 117.00 118.50 117.00 117.00 118.50 115.00
.32° .01° .50°	GAS OR Oct Nov Doc Jen Fob Mar May Jun	Close 113.75 115.50 117.75 118.00 118.25 116.75 116.00	Previous 115.75 117.50 119.25 119.25 119.25 118.50 116.00 115.50	High/Low 114.00 113.00 118.25 115.00 118.00 117.00 118.50 117.00 118.25 117.75 117.00 118.50
0.05 0.05 0.05 0.1' 59"	GAS OR Oct Nov Doc Jen Fob Mar May Jun	Close 113.75 115.50 117.75 118.00 118.25 116.75 116.00	Previous 115.75 117.50 119.25 119.25 119.25 118.50 116.00 115.50	High/Low 114.00 113.00 116.25 115.00 118.00 117.00 118.50 117.00 118.50 117.00 117.00 118.50 117.00 118.50
0.06 0.06 0.05 01: 59: 0.0 5.5	Oct Nov Doc Jan Feb Mar Alan Jun	E. S/tonne Close 113.75 115.50 117.75 118.00 118.25 116.07 116.00 ar 6295 (5	Previous 115.75 117.50 119.25 119.25 119.25 118.50 116.00 115.50	High/Low 114.00 113.00 116.25 115.00 118.00 117.00 118.50 117.00 118.50 117.00 117.00 118.50 117.00 118.50
0.05 0.05 32° 01° 59° .0 .0 .5	GAS OF CONTROL OF CONT	L S/tonne Close 113.75 115.60 117.75 118.00 118.25 116.75 115.00 118.00 ar 6296 (5	Previous 115.75 117.50 119.25 119.25 119.25 118.50 116.00 115.00 115.01 lots of	High/Low 114.00 113.00 116.25 115.00 118.00 117.00 118.50 117.00 118.50 117.00 117.00 118.50 117.00 118.50
0.05 0.05 0.05 0.05 0.05 5 5 75	Oct Nov Doc Jan Feb Mar Alan Jun	E. S/tonne Close 113.75 115.50 117.75 118.00 118.25 116.07 116.00 ar 6295 (5	Previous 115.75 117.50 119.25 119.25 119.25 118.50 116.00 115.50	High/Low 114.00 113.00 116.25 115.00 118.00 117.00 118.50 117.00 118.50 117.00 117.00 118.50 117.00 118.50
0 0.05 32° .01° .59° .0 .0 .5 .5	GAS OF CONTROL OF CONT	L S/tonne Close 113.75 115.60 117.75 118.00 118.25 116.75 115.00 118.00 ar 6296 (5	Previous 115.75 117.50 119.25 119.25 119.25 118.50 116.00 115.00 115.01 lots of	High/Low 114.00 113.00 116.25 115.00 118.00 117.00 118.50 117.00 118.50 117.00 116.50 115.00 116.00 100 tonnes
0.05 0.05 0.05 0.05 0.05 5 5 75	CAS OF CAS	E. S/tonne Close 113.75 115.50 117.75 118.00 118.25 116.75 115.00 118.05 116.07 118.00 118.05 118.05 118.05 118.05 118.05 118.05 118.05 118.05 118.05 118.05 118.05 118.05 118.05 118.05 118.05 118.05 118.05 118.05 118.05	Previous 115.75 117.50 119.25 119.25 119.25 118.50 118.50 118.50 118.50 118.50 118.50 118.50 118.50 118.50 118.50 118.50 118.50 118.50 118.50 118.50	High/Low 114.00 113.00 116.25 115.00 118.00 117.00 118.50 117.00 118.25 117.75 117.00 118.50 115.00 116.00 100 tonnes
0 0.05 32° .01° .59° .0 .0 .5 .5	CAS OF CAS	E. Srtonne Close 113.75 115.50 117.75 118.00 118.25 118.75 118.75 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.01 118.01 118.01 118.01 118.01 118.01 118.01 118.01 118.01 118.01	Previous 115.75 117.50 119.25 119.25 119.25 118.50 116.00 115.50 151) lots of	High/Low 114.00 113.00 116.25 115.00 118.00 117.00 118.25 117.00 118.50 117.00 116.50 115.00 116.00 100 tonnes High/Low 108.25 107.80 111.10 110.70
0 0.05 32° .01° .59° .0 .0 .5 .5	CAS OF CAS	L S/tonne Close 119.75 115.60 117.75 118.00 118.25 116.75 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00	Previous 115.75 117.50 119.25 119.25 119.25 118.50 116.00 115.50 115.50 Previous 106.20 111.05 113.95	High/Low 114.00 113.00 118.20 117.00 118.50 117.00 118.50 117.00 118.50 117.00 115.00 115.00 115.00 115.00 115.00 115.00 115.00 115.10 115.00 115.10 115.00
0 0.05 32° .01° .59° .0 .0 .5 .5	CAS OF CAS	E. Srtonne Close 113.75 115.50 117.75 118.00 118.25 118.75 118.75 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.01 118.01 118.01 118.01 118.01 118.01 118.01 118.01 118.01 118.01	Previous 115.75 117.50 119.25 119.25 119.25 118.50 116.00 115.50 151) lots of	High/Low 114.00 113.00 116.25 115.00 118.00 117.00 118.25 117.00 118.50 117.00 116.50 115.00 116.00 100 tonnes High/Low 108.25 107.80 111.10 110.70
0 0.05 32° .01° .59° .0 .0 .5 .5	CAS OF CAS	L S/tonne Close 119.75 115.60 117.75 118.00 118.25 116.75 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00	Previous 115.75 117.50 119.25 119.25 119.25 118.50 116.00 115.50 115.50 Previous 106.20 111.05 113.95	High/Low 114.00 113.00 118.20 115.00 118.50 117.00 118.50 117.00 118.50 117.00 115.00 115.00 115.00 115.00 115.00 115.00 115.00 115.00 115.10 115.00 115.10 115.00
0.05 322 011 597 .0 .0 .5 .5 .5 .5 .5 .6 .6 .6 .6 .6 .6 .6 .6 .6 .6 .6 .6 .6	CAS OF CAS	L S/tonne Close 119.75 115.60 117.75 118.00 118.25 116.75 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00 118.00	Previous 115.75 117.50 119.25 119.25 119.25 118.50 116.00 115.50 115.50 Previous 106.20 111.05 113.95	High/Low 114.00 113.00 118.20 115.00 118.20 117.00 118.50 117.00 118.50 115.00 116.00 100 tonnes High/Low 108.25 107.80 111.10 110.70 114.00 113.70 114.00 113.70 118.70
0.05 322 011 597 .0 .0 .5 .5 .5 .5 .5 .6 .6 .6 .6 .6 .6 .6 .6 .6 .6 .6 .6 .6	CAS OF CAS	E. Srtonne Close 113.75 115.60 117.75 118.00 118.25 116.02 116.02 116.00 116.00 116.00 116.00 116.00 116.00 116.00 116.00 116.00 116.00 116.00 116.00 116.00	Previous 115.75 119.25 119.25 119.25 119.25 118.50 115.50 115.50 115.50 115.10 115.30 115.30 110.30 113.85	High/Low 114.00 113.00 118.20 115.00 118.50 117.00 118.50 117.00 118.50 117.00 115.00 115.00 115.00 115.00 115.00 115.00 115.00 115.00 115.10 115.00 115.10 115.00

108.55 110.60 112.45

Turnover: Wheat 242 (379) , Barley 78 (197) .

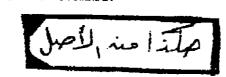
108.25 108.19 110.30 110.15 112.00

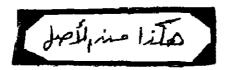
							,
Copper	, Grade A	(£ per to:	nne)			Aling t	irmover 25,300 to
Cash 3 mont	1496 hs 1453.	8 5-4.5	1470-2 1431-2	1505/1488 1485/1442		1463-5	62,718 lots
Copper	, Standarı	d (£ per to	nne)			R	ing turnover 0 to
Cash	1410		1385-95		1400-10		
3 mont			1375-85		1395-405		15 lots
Silver (line ounce) <u> </u>				Ring turnover 0
Cash 3 mont	612-4 hs 625-8		612-6		615-6		455
	per tonn		625-8		628-30	-	452 lots
Cash	351-3		368-7			- cung	turnover 3,350 to
Cesan 3 monti			366-7 362-2.5	363/361 368/364	363-4 367-7.5	364-5	9.835 lots
	S per toni						ternover 1,104 to
Cash	10750	<u> </u>	11250-350	11100/110	00 11000-10		W10000 1,104 IO
3 mont			10300-50	10300/970			5.974 lots
Zinc (\$	per lonne	3				Alina tu	trnover 16,075 to
Cash	1295-		1280-5	1299/1298	1299-300		
3 monti			1255-60	1273/1260		1255-60	18,649 lots
	Close	Previous			Gold (fine oz		2 equivalent
Nov Feb	58.6 70.0	57.0 70.0	57.5 6	6.5	Close Opening	397½-398 389½-400	236 ¼-236 ¼ 237-237 ½
Apr	93.0	92.9	92.9 9	1.5	Morning fix	398.60	236.630
May	103 5	103.8	103.1		Afternoon fix		235.780
Turnov	er 112 (31	1) lots of	40 tonnes.		Day's high Day's low	400 ¼ -400 ¾ 396 ¾ -397 ¼	
SOYAB	EAN MEA	L £/tonne					
	Close	Previous	High/Lo				
Dec	181.00	181.20	181.00 1	80.00	Coine	\$ price	1nelevlupe 3
Feb	167.40	187.50	187.40		Mapleleat	409-414	243-248
TUITION	er 119 (62	lots of 2	O tonnes.		Britannia US Eacle	409-414 409-414	243-246 243-248
	 :				Angel	407-412	242-245
PHERE		ES \$10/Inc			Krugerrand New Sov.	397-400 83 ¹ 2- 8 4 ¹ 2	236-238
	Close	Previous	High/Los	*	Old Sov.	22,5-64,5	22,5-26,4 22,5-26,4
Sep	1272	1274	1272		Noble Plas	515-521.05	305.45-309.05
Oct	1352	1330	1352 132				
Jan	1427	1412	1429 140			•	
Apr	1473	1485	1473 145				
ᅰ	1285	1288	1265 125	5			
8FI	1268	1269			Silver tix	p/fine cz	US cts equiv
Turnove	er 375 (86	1)			Spot	368.80	621.25
			-		3 months	379.40	634.35
					6 months	390.25	A49 1A

UIR	ספט טשוי	D TO								
	Close	Previous	High/	Low	Gold (fine oz) \$ price		Εe	quival	ent
ov eb pr isy umov	58.0 70.0 83.0 103.5 rer 112 (31	57.0 70.0 92.9 103.6 (1) lots of 4	92.9 103.1	56.5 91.5	Close Opening Morning fix Afternoon fix Day's high Day's low	397 ½ -36 398 50 398 50 398 50 400 ¼ -40 398 ¾ -36	103 ₄	237 236	14,-236 7-237 1 ₂ 1.630 1.780	
OYA	BEAN MEA	L C/tonne								
	Close	Previous	High/l	.cw					_	
9C _	181.00 167.40	181.20 187.50	181.00 187.40	180.00	Coine	\$ price 409-414			quivel I-248	ent
		i) lots of 20			Britannia US Eagle Angel	409-414 409-414 407-412		243	-246 -246 -245	
REIG	KT FUTUR	ES \$10/Inde	nt polint		Krugerrand	397-400			-238	
	Close	Previous	High/(.04r	New Sav. Old Sov.	83 2-841 83 2-841	5	552	2-56 ¹ 4	
ep ct an pr al	1272 1352 1427 1473 1285 1268	1274 1330 1412 1465 1266 1269	1272 1352 1 1429 1 1473 1 1285 1	400 450	Noble Plas	515-521.			A5-301	
ITTOV	er 375 (66	11)			Spot 3 months 5 months	368.80 379.40 390.25		634	.25 l.35 l.10	•
PRU:	T AND V	ECHTABLE bacos pro n	S ew in t	no alterna	12 months	411.15			.35	
this : Red (week at 122 Chief appl	.00-2.50 eec es 35-50p e Spania cal	h, as s nd a ve	re French licty of	LONDON ME	TAL EXCH	LANCE	TRAI	3ED 0	Pix
40-60	p. reports	FFYIB. Por	HOOFERD	tes are	Aluminium (9			ulia.		uts
avali	able to sur	with Israell polement th	ose from	n Spenie i	Strike price 1	tonne	Nov	Jen	Nov	Jac
Milpro 60p-E E1.10 25-50 8x0el	oved this v 7.10 (60p-l -1.65 (£1.5 Ip and Prin lent value.	Pepper su veek, with g 21.30), red a 0-2.20). Cau no cabbage a as closs ca	reen ra und yell liflower 14-28p dabrese	w ow s at remain	2100 2200 2300		122 72 39	142 190 69	58 107 173	132 186 256
40 00	p. Celery i	is the top ci	icics th	s week	Copper (Grad	0 A)	C			ute
AVE I	abie. Crisç	i lettuce is u	ID to 35	-50o i	2300		254	203		122
Britis	h icabergs	season con 40-75p are	es to a	crose, but undant,	2400 2500		183 125	155 115	60 102	171

	w Y	ork		
COLD				
	100 troy	oz.; S/troy e	92.	
	Close	Previous	High/Lox	
Oct	396.6	398.7	299.5	395.8
Nov	399.2	401.1	0	0
Dec	401.6	403.4	404.3	400.7
				405.8
				411.2 416.0
Aug	422.9	424.7	423.9	423.8
Oct	428.5	430.4	0	0
Dec	434,1	436.0	496.0	433.5
PLAT	Mechan so e	roy oz \$/tro	ny 02.	
_	Ciças	Previous	High/Lox	
Oct	500.8	494.4	502.0	498.5
Jan	503.8	487.7	505.0	500.1
Apr	509.8	503.7	511.0	607.0
الأي	615.8	509.7	517.0	514.0
Oct	522.8	516.7	525.0	525.0
SILVE	R 6,000 tr	oy oz, cente	vtroy cz.	
	Close	Previous	High/Low	
Oct	617,3	616.8	618.0	618.0
Nov	622.0	621.5	Ċ	0
Dec	625.5	626.0	632.0	625.0
	631.5	631.0	0	0
				640.ž
				683.0
				003.0
				890.0
Jan	663.0		0	0
				•
COPP	ER 25,000	fbs; cents/	bs	
	Cicee	Previous	HightLon	,
Oct	117.35	115.00	117.45	117.45
Nov	113.35	111.00	0	0
Dec	108.45	107.05	109,75	108.05
				105.60
Mer May				99.30 96.00
	95.95 93.45	95.25 · 92.90	97.00 94.50	94.50
Jul Sep	91.45	190.85	0	0
	Nov Dec PLATI Oct Jan Mary Jul Sope Jan Corry Loc	Nov 399.2 Dec 401.6 Feb 406.8 Apr 412.9 Jun 417.3 Aug 422.9 Oct 428.5 Dec 434.1 PLATRICIAN 50 2 Gloss Oct 503.8 Apr 509.8 Jun 515.8 Oct 522.8 SSLVER 5,000 tr Closs Oct 877.3 Nov 622.0 Dec 325.5 Jun 631.5 Jun 681.5 Jun 682.1 Sop 672.2 Dec 525.5 Jun 682.1 Sop 672.2 Dec 525.5 Jun 683.0 COPPER 25,000 Closs Dec 117.3 Sop 672.2 Dec 108.45 Jun 108.45	Nov 299.2 401.1 Dec 401.6 403.4 Feb 408.8 408.6 Apr 412.0 413.8 Jun 417.3 419.1 Aug 422.9 424.7 Oct 428.5 430.4 Dec 434.1 436.0 PLATIBIES S0 troy oz \$/tro Close Previous Oct 500.8 494.4 Jan 503.8 497.7 Apr 509.8 509.7 Jul 516.8 509.7 Oct 522.8 516.7 SSLVER 6,000 troy oz; cents Close Previous Oct 671.3 616.8 Nov 622.0 621.5 Dec 625.5 826.0 Jun 631.5 631.0 Mar 641.5 940.9 Jul 682.1 681.5 Sop 672.2 671.8 Dec 625.5 850.9 Jul 682.1 681.5 Sop 672.2 671.8 Dec 625.5 850.9 Jul 682.1 681.5 Sop 672.2 671.8 Oct 177.35 116.00 Dec 108.45 107.05 Jen 108.45 107.05	Nov 289.2 401.1 0 Dec 401.6 403.4 404.3 Feb 408.8 408.6 402.5 Apr 412.0 413.8 414.3 Jun 417.3 419.1 418.7 Aug 422.9 424.7 423.9 Oct 428.5 430.4 0 Dec 434.1 436.0 436.0 PLATERIBE S0 troy oz: \$/troy cz. Close Previous High/Lox Oct 503.8 494.4 502.0 Jan 503.8 497.7 505.0 Apr 509.8 503.7 511.0 Jul 516.8 509.7 517.0 Oct 522.8 516.7 525.0 SSLVER 6,000 troy oz: cents/troy oz. Close Previous High/Lox Oct 617.3 616.8 618.0 Nov 622.0 621.5 0 Dec 625.5 826.0 632.0 Jun 631.5 631.0 0 Jul 682.1 681.5 657.0 Sop 672.2 671.8 0 Dec 587.8 687.2 588.0 Jul 682.1 681.5 657.0 Sop 672.2 671.8 0 Oct 107.95 115.00 117.45 Nov 113.35 115.00 106.75 Jun 106.45 104.25 108.75 Jun 106.45 107.05 108.75 Jun 106.45 104.25 108.75 Jun 106.45 106.25 106.50

CRU	DE QIL (L	ght) 42,000	<u> </u>		_ Cł	nicag	jo	•		
	Latest	Previous	<u> </u>		_ · soy/	ABEANS 5.	,000 bu min;	cents/60lb t	oughei	
Nav Dec	13.96 13.68	. 14.11 18.78	13.99 13.71	13.88 13.50	_	Close	Previous	High/Low		
Jer	13.59	13.68	13.62	13,48	Nov	808/0	812/4	813/4	801/0	
Feb Jun	13.56 13.70	13.66 13.72	13.58 ·13.70	13.47 13.65	. Jen	818/0	823/4	824/0	811/0	.1
Aug	18.75	13.76	18.80	13.75	Mar May	825/4 825/0	831/2 831/4	831/4 831/0	820/0 819/0	
					أسال	816/2	824/4	824/4	812/0	.:
HEAT		5'000 N2 3		/US galls	- Aug - Sep	804/0 749/0	811/0 753/0	812/0 758/4	802/0 747/0	
	Letest	Previous								•
Nov Dec	4015 4086	4009 4082 -	4025 4100	3950 4025	SOY	SEAN OIL	60,000 lbs;	ents/lb		
Jan Mar	4130 4015	4125 3969	4150 4016	4075 3930		Close	Previous	High/Low		
Apr	3910	3849	3910	3840	. Oct. Dec	23.97 24,48	24.32 24.87	24.40 24.93	23.81	
May Jun	3815 3755	3774 3729	3620 3756	3765 3720	Jan	24.80	25.15	25.21	24.35 24.65	
Jul	3760	3729	3780	3780	Mar Mey	25.32 25.70	25.67	25.76	25.19	
			<u> </u>			25.80	26.02 25.95	28.00 25.15	25.60 25,70	
<u></u>	OA 10 tons	nes;\$/tonne	• .		Aug	25.50	25.76	26.00	25.45	
	Close	Previous	High/Lo	4	- Sep	25.70	25.80	25.90	25.65	
Dec	1116 1135	1127 1145	1125 1142	1105 1125	BOYA	BEAN ME	AL 100 tons;	S/ton		
May	1158	1165	1166	1152		Close	Previous	High/Low		_
Jul Sep	11 88 1206	1 19 1 12 18	1185 1208	1178 1206	Oct	253.8	255.2	254.5	252.2	_
Dec	1252	1255	1262	1245	. Dec	255.3 . 253.5	257.2 062.0	256.8	253,8	
					Mer	251.5	256.2 253.7	255.5 253.5	· 252.6 . 250.0	:
COFF	TEE "C" 37	,500lbs; ce	nts/lbs		May Jul	247,5 242,2	249.5	249.2	245 6	٠.
	Close	Previous	High/Lo	w	Аид	234.5	245.0 238.0	245.0 239.0	242.0 234.0	
Dec	131.85	130.25	132.10	700 -	Sep	228.0	228.0	228.5	228,0	
Mar May	187.65 131.06	130.24 129.63	132.10 131.20	#28.50 128.25						
آبال	131.40	129.75	131.40	129.25	MAZ		min; cents/6	SUb bushel		٠.
Sep Dec	130.90 130.55	129.25 127.75	128.50 0	128.50 0	. —	Close .	Previous	High/Low		
				• .	Dec Mer	286/4 291/4	286/4	288/2	285/2	_
8UG 4	UR WORK F	"11" 112,0	100 Uher de	nte/lbe	- May	283/2	293/0 296/4	293/6 297/0	290/6	
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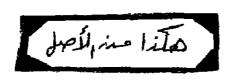
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AMERICA

Dow breaks loose from doldrums

Wall Street

A STRONG rally by equities yesterday ended the run of near stagnant performances this week on Wall Street, although volume picked up only at the end of the day, writes Janet Bush in New York

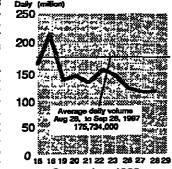
The Dow Jones Industrial Average rose steadily throughout the session and closed 33.78 points up at 2,119.31, its highest close since August 4. Volume picked up from its very depressed levels earlier this week to 155m.

On a number of occasions in recent months, the Dow has suddenly broken out of its narrow trading range for no apparent reason - movements that have often soon been reversed. There was no news yesterday to trigger the sudden rally after three days of single-figure movements, although rising bond prices may have helped. Equity traders said there was some futures-related buying early in the day which had started the rally. Ms Gail Dudack, equity strategist at Warburg Securities, said there had been some institutional nibbling throughout the session, mostly in blue chip

added impetus later on by short covering.

Yesterday's rise, the largest one-day gain since the Dow added more than 50 points on September 2, took the index above the psychologically, if not technically, important 2,100 level for the first time since

NYSE Volume



September 14, when the Dow closed at 2,100.64. The 2,100 mark has been the top of the index's trading range since early August.
US Treasury bonds proved

September 1988

only temporarily vulnerable to figures showing a much

smaller than expected rise in unemployment claims in the week ended September 17. Claims rose by only 7,000 that week, compared with expectations of an increase of up to

Although these weekly figures give only a limited view of unemployment trends, they reinforced expectations that September's jobs figures will show strong employment growth and that the unemployment rate will drop from the 5.6 per cent recorded in

August.
The bond market rebounded

to stand just under 1/2 point higher in late trading. The focus in both bond and stock markets is now on today's US leading indicators for August.
Among featured stocks yes terday was MSI Data, which added \$1% to \$23% in trading on the American Stock Exchange after news that it had agreed to be acquired by Symbol Technologies for \$23 a share. This offer bettered a bid by Telxon of \$20 a share, which MSI rejected. Symbol Technologies dipped \$% to \$16%.

Georgia Gulf jumped \$2% to \$74% as it began its self-tender offer for up to 1.5m of its com-

C3, the computer software company, rose \$1% to \$13 after Knoll Capital Management sald it had offered \$13 a share for

the company and would be willing to boost this bid if it were allowed to review confidential information about C3. Knoll is part of an investor group which already owns a 9.6 per cent stake in C3. Williams Companies, the fer-tiliser business that also runs a

natural gas pipeline, rose \$1 to \$32% on speculation that someone had been building a 5 percent stake in the company. Mr Carl Icahn is one of the rumoured suitors.

Canada

RISING golds, base metals and industrial stocks pushed Toronto share prices higher in

The composite index rose 16.9 to 3,283.0 on light turnover of 15.4m shares. Among golds, Hemlo Gold advanced C\$1/2 to C\$12%, Lac Minerals moved ahead C\$% to C\$12% and Placer Dome gained C\$1/4 to

Monsoon rain nourishes Bombay

Small investors are returning to the market, writes R C Murthy

The best monsoon rains for about 20 years, record food production and strong corporate results have helped propel Indian equities through key resistance points over the past month. The 30-share index of the

Bombay Stock Exchange has climbed by about 6 per cent since the start of the month, closing last Friday at 644.58m - near the all-time high of 664 reached in February 1986. Computer problems have prevented the exchange from opening this week.

The all-share index has meanwhile risen by almost 19 per cent over the period, show-ing that price gains have not been confined to a few stocks, as in the past, but have been well spread over the market. About 600 companies are listed on the Bombay exchange, India's largest, accounting for two-thirds of the country's

TRADING began on a firm

In London, Japanese shares rose as the ISE/Nikkei 50 index gained 5.51 to 1.791.50.

Speculation that there could

be changes among the ruling elite in the Soviet Union led to

uncertainty about the interna-

tional political environment,

sending the yen lower against the dollar in the morning. This

in turn led to a downturn in equities in the morning ses-

sion. By late afternoon, how-

ever, some measure of confi-dence returned to the market.

able strength, with only a handful of individual stocks

attracting interest. Steels were

on the whole weaker, although Sumitomo Metal, the volume

No one sector showed notice-

ASIA PACIFIC

The present raily is fuelled largely by demand from individual investors, with government-owned investment insti-tutions taking a back seat instead of their usual position of leading support for the mar-

Bombay last enjoyed a real rally in early April, running through to June. Now the economic fundamentals are favourable again. Monsoon rains between June and September this year are considered to be the best since 1968, spreading well throughout the country after a disastrous drought last year.
Food grain production is

166m tonnes this year, up by nearly a quarter from the 135m tonnes that were recorded last A further boost to economic

growth should come from the easing of power shortages. Hydro power plants are regis-

tering improved plant load factor, with most of the reservoirs that feed them reported to be

Industrial production is expected to climb by 10 per cent this year – compared with 7.5 per cent last year – boosting the country's gross national product by 9 per cent compared with 2.5 per cent last

the corporate side, with industrial leaders forecasting sharply higher profits this year, helped by a strong rural demand for many consumer

Stockbrokers and investors alike have protested against the reimposition of the tax, even though it will not take

their stock contracts with bro-

Other observers say public

reaction to the new measures could trigger a crash at a time when the index has been fluc-

tuating wildly and when some

fecture, southwest of Tokyo.

Oil companies were bought on the strength of their land

small broking houses.

ther favourable factors projected to reach a record include the determina-tion of the Gandhi Government to pursue economic liberalisation, opening the economy to foreign investment. This month, Pepsi was granted permission to set up a fruit and vegetable processing

unit and a soft drinks facility in the trouble-torn Punjab

A significant bullish factor has been the successful flots-tion at the end of last month of a Rs6bn (\$413m) convertible a Rison (3415m) the bond issue, the largest ever, by Reliance Petrochemicals, an offshoot of blue chip Reliance Industries (RIL). Only Rashe was offered to the public, with the remaining Rashn offered as a rights issue to RIL shareholders. Total subscriptions amounted to a record Rs13bn, underlining the renewed interest felt among the small inves-

Merchant bankers cautiously say that the persistent demand for cash shares points to a change in market sentiment. They do not, however, expect the markets to return to the 1985-86 phase, when small investors blindly supported any issue that came to the

_a Siewari

Bouygues activity fuels Paris gains

VOLUMES and share prices picked up in the main European markets yesterday as rumours and positive corporate news boosted buying, writes Our Markets Staff.
PARIS raced ahead, ending

about 2 per cent higher, as demand outstripped supply for construction issue Bouygues and buying fever spread throughout the market. Early attempts to requote

the suspended Bouygues failed as the price soared by more than its allowable limit. When it was finally quoted, and then immediately suspended again, the stock was 20 per cent higher at FFr715, a gain of FFr119.

Volume in the stock reached 283,000 shares in France, with strong demand again reported from London and the US. Speculation included a possible bid from the US.

Other strong stocks included investment holding company Chargeurs, up FFr89 at FFr1,298; electricals group Alsthom, FFr17.80 higher at FFr388.80; Imetal, adding FFr29 to FFr275 after surprisingly good results; and car components maker Valeo, FFr18 stronger at FFr611 with 181,000 shares traded.

Wall Street's strong opening aided sentiment and the OMF index closed up 391.59. The opening CAC General index was 3.8 higher at 377.4 and volumes were estimated to be well up on Wednesday's FFr1.84bn worth of shares.

FRANKFURT had what one analyst called a "chirpy" day with share prices picking up in a broad-based rally after a few

days of consolidation. The FAZ index added 3.16 to 515.12 and the DAX real-time index was 9.63 higher at 1,248.79. Turnover in German shares reached DM1.99bn in value after Tuesday's

Car makers were cheered by good profits reports from VW and other positive news emanating from the Paris auto show. VW added DM3 to DM268.50, BMW climbed DM2.50 to DM506.50. Daimler rose DM4 to DM 702 and Porsche put on DM6 to DM560.

MILAN maintained Wednesday's advances with trading boosted by strong demand from London and new government figures showing Italian industrial output growing fast. News of higher profits at car group Fiat also helped senti-ment, and the Comit index closed 4.32 better at 549.27 with the MIB index at a year high of

were the main beneficiaries of interest from London, where investors have picked up on the extensive publicity about Italy's five-year telecommunion programn Stet, which also reported 33 per cent higher interim profits late on Wednesday, gained L94 to L3.889 and its telephone subsid-

corporate restructuring yester-day - advanced L110 to L9,840, and Data Consyst improved L60 to L8,961. Car maker Fiat

mon shares at \$75 each.

Telecommunications stocks iary, Sip. climbed L66 to L2,360. Olivetti – which announced a put on L45 to L9,610.

ZURICH closed slightly higher but turnover was again disappointing as foreign demand for Swiss franc bonds failed to stimulate overseas interest in the share market. The Crédit Suisse index closed 0.5 up at 479.3.

However, a spate of corporate news saw several stocks feature. Swiss Reinsurance fell SFr100 to SFr12,400 after revealing year-end profits of SFr201m against SFr179m for 1987, and engineering group Rieter gained SFr150 to SFr4.150 on news that earning in the first half of 1988 should be better than expected.

Temporary employment firm Adia International announced a large rights issue of bearer and registered shares to increase its share capital by SFr4.8m and saw its shares advance SFr50 to SFr9,275.

AMSTERDAM closed slightly ahead in moderate trading on Wall Street's opening gains and the stronger dollar. The CBS all-share index edged up

0.2 to 99.0. Brewer Heineken was the main feature, rising Fi 2.80 to Fl 141.80 as rumours circulated that Australian financier Mr Alan Bond is preparing a hid. Chemical firm Akzo gained Fi 2.20 to FI 147.30 on approval of its South Korean joint venture, while paper manufacturer KNP added Fl 1.70 to Fl 174.70 before

next week's 4-for-1 share split. BRUSSELS had a quiet session, with profit-taking in Solvay the main feature. The stock lost BFr200 to BFr13.050 after rising strongly in recent days on Monday's good profits

changed on the whole, with the forward index up 14.3 at 5,420.22 and the cash index off 0.2 at 5,235.1.

STOCKHOLM was encouraged by gains on foreign mar-kets. Shares rose slightly in modest trading in spite of investor caution pending next week's government policy statement. The Affärsvärlden index added 0.4 to 902.7.

Electrolux, the white goods manufacturer, gained SKr1 to SKr252. It announced it had acquired 60 per cent of Unidad Hermetica of Spain, for which it made a bid a month ago.

MADRID rebounded further. helped by overseas interest with the general index adding 2.52 points to 277.75.

London stock market,

SOUTH AFRICA

A STEADY bullion price stocks advance in Johannesburg. Takeover target Consoli-dated Gold Fields, the mining financial, picked up R2 to R91, while its predator, Minorco,

THE TAIPEI stock market fulfilled dire predictions yesterday— the first day's trading since Saturday, when the Government announced the reimposition of capital gains taxes after a hiatus of more

note in Tokyo yesterday but lost momenium as investors became cautious, vorites Michigo Nakamoto in Tokyo. The Nikkei average failed to than 10 years, writes Bob King maintain Wednesday's strength and fluctuated through the day, closing down in Taipei.
While the weighted index fell by 175.96 points to 8,613.82 - hardly as speciacu-51.88 at 27,700.13. It moved between 27,853.36 and 27,638.74. lar as the daily falls and rises of recent months - turnover, at just NT\$280m (\$8.7m), was a very small fraction of its recent daily average of T\$40-T\$50bn. Volume declined to 1.08bn shares from 1.81bn on Wednes-

"A lot of people were trying to sell their shares, but no one was buying," said an exchange

leader at 95.5m shares, was up Y5 at Y700. Shipbuildings, which have been strong recently, were also mixed. Mitsui Engineering and Shipbuilding, the second most heavily traded issue at 88.2m shares, gained Y13 to Y727. Sumitomo Heavy Industries advanced Y75 to Y915 after the company announced it planned

land it owns in Kanagawa pre-

to build a marine resort on

holdings - particularly those with petrol stations - which are increasingly being used for other purposes. Showa Shell Sekiyu added Y90 to Y1,360 and Nippon Oil Y10 to Y1,130. Trading in Osaka fluctuated although share prices managed to gain moderately. The OSE average rose 41.36 to 26,111.80

Nikkei slips as political worries take hold ably at 84.46m from 168.41m.

Roundup

effect until January I next year — and even then will not apply to capital gains on sales under NT\$3m. Some investors have threatened to default on OPTIONS-RELATED trade aided turnover in Australia and local bargain buying helped Singapore recover yes-terday, while Hong Kong was left drifting.

AUSTRALIA was generally quiet although the expiry of kerages, which could seriously affect the operations of many

he September series of option selected stocks. At the close the All Ordinaries index was 4.3 lower at 1.541.9 as 221.97m shares worth A\$163.02m changed hands. analysts were in any event predicting a significant correction.

HONG KONG suffered from the fall in the Taiwan stock market and the unwillingness of small or institutional investors to commit themselves to equities. The Hang Seng index feil 10.36 to 2,439.39 Amoy fell 2.5 cents to HK\$2.625 after announcing a

restructuring plan.
SINGAPORE initially followed Tokyo down in light trading, but some late bargainhunting helped cut earlier losses and the Straits Times industrial index ended 0.39 higher at 1.030.69.

IFC EMERGING MARKETS INDICES

	_	PRIÇE							TOTAL RETURN			
Market	No. of stocks	Asgust 1988	% Change on July (Dollar ten	% Change on Dec 31 '87	August 1988	% Change on July cal currency	% Charige on Dec 31 '87 terms)	August 1988		% Change on Dec 31 '87		
Latin America	(111)	137.3	2.0	59.1				175.0	2.7	69.4		
Argentina	(24)	225.0	1.1	64.8	14,914.5	21.7	463.0	249.0	2.0	75.6		
Brazil	(30)	71.6	-0.4	58.4	6,372.3	21.6	547.9	94.3	1.0	72.0		
Chile	(25)	452.7	5.4	21.0	862.7	5.5	28.4	666.8	5,6	31.5		
Mexico	(32)	328.2	2.8	87.5	3,853.6	2.8	93.5	420.8	3.1	95.0		
Asia	(153)	339.2	9.9	105.8	-	-		411.7	10.8	112.7		
Korea	(62)	337.3	-7.2	37.4	294.3	-7.5	24.7	542.3	-4.3	48.4		
Malaysia	(40)	101.6	-10.6	14.0	112.2	-8.9	22.6	114.8	-10.3	17.2		
Taiwan	(32)	1.058.3	25.2	212.3	772.1	26.1	215.5	1,151.7	25.2	215.8		
Thailand	(19)	243.7	-6.2	46.0	228.8	-5.9	47.8	392.2	-4.7	54.9		

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

REGIONAL MARKETS US Day's Pound Local Gross US Dollar Currency Index Index Dollar Currency Index Index Dollar Currency Index Ind												
She number of stocks Dollar Change Index Sterling Index	NATIONAL AND REGIONAL MARKETS	THURSDAY SEPTEMBER 29 1988					WEDNESDAY SEPTEMBER 28 1968			DOLLAR INDEX		
She number of stocks Dollar Change Index Sterling Index	Figures in parentheses	US	Day's	Pound	Local	Gross	US	Pound	Local			Year
Australia (85) 138.10 -0.2 121.69 117.49 117.48 152.31 117.48 152.31 117.48 152.31 117.48 152.31 127.51 167.03 187.51 187.			Change	Sterling				Sterling		1988	1988	
Austria (16)	ber grouping	Index	9.5	index	Index	Yield	Index		index	High	Low	
Belgium (63)												167.03
Canada (125) 119.46 +0.6 105.26 105.32 3.25 118.69 104.34 104.90 128.91 107.06 136.61 Demark (39) 131.41 +0.5 115.79 129.04 2.32 130.80 114.98 128.17 132.72 111.42 115.64 Fintand (26). 114.70 +0.1 101.07 106.86 1.65 114.61 100.75 106.74 139.53 106.78 France (128) 98.23 +1.1 86.56 98.69 3.29 97.14 85.39 97.41 90.62 72.77 107.57 West Germany (100) 78.68 +0.3 69.33 76.98 2.41 78.46 68.97 76.60 80.79 67.78 100.46 Nong Kong (46) 99.62 -0.4 87.78 99.86 4.98 100.02 87.92 110.29 111.86 84.90 158.66 1161 131.01 +1.4 115.44 129.50 3.82 129.23 113.60 127.55 144.25 104.60 153.34 143 (100) 74.13 +0.8 65.32 77.62 2.59 73.56 64.66 76.91 81.74 62.99 90.15 143 (100) 74.13 +0.8 65.32 77.62 2.59 73.56 64.66 76.91 81.74 62.99 90.15 143 (100) 74.13 +0.8 65.32 77.62 2.59 73.56 64.66 76.91 81.74 62.99 90.15 143 (100) 74.13 +0.8 65.32 77.62 2.59 73.56 64.66 76.91 81.74 71.72 133.61 133.13 Maldaysia (36) 135.04 177.27 133.61 133.13 0.55 159.19 139.94 135.04 177.27 133.61 133.13 Maldaysia (36) 136.04 -0.7 119.87 140.10 2.78 137.05 120.48 141.07 154.17 107.83 174.95 New Zeoland (20) 70.22 -0.5 61.88 60.47 6.00 70.59 62.05 69.13 110.66 95.23 123.74 New Zeoland (20) 70.22 -0.5 61.88 60.47 6.00 70.59 62.05 69.55 84.05 64.2 133.29 New Zeoland (20) 70.22 -0.5 61.88 60.47 60.0 70.59 62.05 60.55 84.05 64.2 133.29 New Zeoland (20) 117.82 -0.1 103.82 110.76 2.88 110.78 110.88 98.35 105.31 132.23 98.55 176.06 South Africa (60) 117.82 -0.1 103.82 110.76 2.51 118.81 119.84 117.94 103.68 110.82 135.89 97.99 163.99 South Africa (60) 117.82 -0.1 103.82 110.76 2.51 118.51 104.18 113.11 125.50 96.92 131.62 Switzerland (52) 119.07 +0.5 104.92 113.66 2.51 118.51 104.18 113.11 125.50 96.92 131.62 Switzerland (57) 117.94 103.68 110.82 135.89 97.99 163.99 South Africa (60) 117.82 -0.1 103.82 110.76 110.79 110.79 110.79 110.88 110.79 110.89 110.79 110.89 110.79 110.89 110.79 110.89 110.79 110.89 110.79 110.89 110.79 110.89 110.79 110.89 110.79 110.89 110.79 110.89 110.79 110.89 110.79 110.89 110.79 110.89 110.79 110.89 110.79 110.89 110.79 110.89 110.79 110.89												
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Finand (26)	Canada (125)	119.46				3.25						
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Rong Kong (460)	France (128)											
Indig	WOLGERMANY (100)											
Relative 1.00	notig Kurg (40/	77.02										
Japan (456)	(701200 t10/	177.07										
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Mexico (13)												
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Sweden (35)		136.48										
Switzerland (55)	Sweden (35)	119.07										
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USA (580)	United Kingdom (399)	120 15										
Europe (1008)								1111.72 I				
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Euro-Pacific (1677)	Ешгоре (1008)						104.22	91.62	97.51	110.82	97.01	127.48
North America (705)								137.13	132.90	172.26	130.81	144.43
North America (705)	Euro-Pacific (1677)	135.53	+0.2	119.42	119.09	1.71	135.30	118.94	118.73	147.53	120.36	137.71
Europe Ex. UK (686)	North America (705)	111.85			111.08		110.53			113.29	99.78	
Pacific Ex. Japan (213)	Europe Ex. UK (686)	90.40	+0.6		89.44	3.07	89.87	79.01				
World Ex. US (1875)							117.47					
World Ex. UK (2133)	World Ex. US (1875)				118.48	1.78						
World Ex. So. Af. (2395)	World Ex. UK (2133)	125.39	+0.5	110.49	116.34							
		125.74	+0.5									
		109.60										
The World Index (2455)	The World Index (2455)	125.62	+0.5	110.69	116.01	2.38	124.95	109.84	115.30	132.38	113.37	136.46

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1967 = 115.037 (US 5 Index), 90.791 (Pound Sterling) and 94.94 (Local).

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CONSTITUENT CHANGES: At the quarter-end review of the FT-Actuaries World Index, it was decided to make the following constituent changes with effect from October 3, 1988: Additional CoBottlers, Girran Corp, Metal Manufactures, QBE Insurance Group, QCT Resources and Westambers (Bit Asstralia); Jueglouatianer (Justifice), Golf Cenada Resources (Canada); Damart and
Radiotechnique (Lai Oboth France); Hochtlef and Vereins-timed Westlands (Both West Germany); Corporate inv., Jaron Morgan, Ornoloop Inv., Renout Corp, Sandford, Weitlands (Both West Germany); Corporate inv., Jaron Morgan, Ornoloop Inv., Renout Corp, Sandford, Weitlands (Both Parties) (Both Switzerland); Sharmat, National Corp and Ohio Mattress (Both USA). Deletion;
Hidroelectrica de Cataluna (Spain). Classification changes; Crean (Jarnes) (Ireland) to Diversified Consumer Goods, Harleya Corp (Japan) to Rall and Road Transport and USX Corp (USA) to Petroleum



BRITISH AIRWAYS Plc

This announcement appears as a matter of record only

US \$2,000,000,000 **Funding Facility**

to support financing of new aircraft and spare engines

Managing Underwriters Chemical Bank The Mitsubishi Trust and Banking Corporation National Westminster Bank PLC

Lead Underwriters

The Hongkong and Shanghai Banking Corporation

The Long-Term Credit Bank of Japan, Ltd.

The Fuji Bank, Limited

Senior Managers

The Dai-Ichi Kangyo Bank, Limited The industrial Bank of Japan, Limited The Sanwa Bank, Limited The Sumitomo Bank, Limited (London Branch)

Swiss Bank Corporation

The Mitsubishi Bank, Limited The Saitama Bank, Ltd.

Barclays Bank PLC

The First National Bank of Chicago

Banque Nationale de Paris p.i.c.

The Mitsul Bank, Limited The Surnitomo Trust and Banking Co. Ltd.

Rabobank Nederland (London Branch) The Taiyo Kobe Bank, Limited

Crédit Lyonnais

The Daiwa Bank, Limited Facility Agent
National Westminster Bank PLC

US \$364,175,000 Intermediate Support Facility

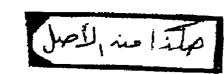
Chemical Bank The Mitsubishi Trust and Banking Corporation National Westminster Bank PLC Household Finance Corporation The First National Bank of Chicago Mitsubishi Corporation

Chemical Bank

Arranged by The Mitsubishi Trust and Banking Corporation National Westminster Bank PLC Spectrum Capital, Ltd.

> Structuring Agent Spectrum Capital, Ltd.

> > September 1988





Thanks to the solid foundations laid by the Peterborough Development

Corporation, now

being wound up, Peterborough has an attractive environment for modern industry and commerce and is set fair for further, if gentler,

Solid legacy for the future

growth. Stewart Daiby reports

PETERBOROUGH is about to be privatised. This does not mean that the general public is about to be offered shares at good discounted rates in a city which use to think of itself as part of the south Midlands but reasingly sees itself as part of the prosperous South-East.
What it does portend is that

Peterborough is about to cease being a city run by the public sector. The Peterborough Development Corporation (PDC) which, by and large, has been responsible for the develorment of Peterborough for the past 20 years is being wound up and the Commission for New Towns is taking over with a brief to "realise" the Peterborough DC's assets.

Those clever and funny advertisments featuring the late Roy Kinnear as a Roman legionnaire emphasising that Peterborough is very old and very attractive will be no more. But they have served their purpose. Most people in Britain have now heard of Peterborough even if they could not tell you where it is. More than that, the advertisments have subtly pointed out that Peter-borough is not a "new" new town . The Roman advertisments were a little spurious in that the site of today's city was a minor settlement in Roman times. But the campaign made

its rivals, Peterborough was grafting new towns and new industries on to an existing

Conveying a sense of the old is apparently important in attracting people; there is a reluctance to move to com-pletely fresh sites. As one member of the Peterborough agency put it: "Living in Mil-ton Keynes is like living on a printed circuit board". Milton Keynes began in the 1960s as a greenfield site.

today is delightful. There is a pedestrian walkway, of course, with the streets lined with estate agents and building soci-eties. There is also a massive supermarket shopping complex, the Queensgate, complete with multi-story car park. These now seem staple features of most market towns in the south east of England.

But the heart of the town is dominated by the magnificient Norman cathedral, and has other lovely old buildings like the Guildhall market centre, and the City Hall. There are attractive cafés and restaurants in the city. This all adds to the quality of life which has been an importantly selling point for Peterborough All the people I spoke to, businessmen and their employ-

The centre of Peterborough

unanimous in their view that enthusiastic cooperation of the City Council, even when, as hung.
When the Corporation really

> something like 80 per cent of the workforce employed by four engineering and old manour engineering and the interpretation of the prospects for these "metal bashing" industries in the 1970s was not good. As it turns out the engineering companies have survived and flourished, on a immed down basis. Perkins

greater range of diesel engines and has improved productivity

the start of the decade now employs 400 people, but is far more productive in making steam turbines, gas compressors and special purpose machinery. Mr Philip Salisbury the managing director says productivity has increased from £15,000 sales per man a year in 1980 to £45,000 sales per

ing concerns, however, have been added a large number of new enterprises, service com-panies many of them, but also some high tech companies. Mr

established themselves in Peterborough over the life of the Corporation. The population is now 136,000 or 154,000 depending on where you place the boundary. In its time, the Corporation has created 38,000 new jobs, of which 24,000 have survived into the exacting eco-

nomic climate of the 1980s Unemployment, at under 8 per cent, is below the national average. At one time during the shakeout in the manufac-turing sector, the jobless total went to over 13 per cent.

The PDC has been involved in virtually every aspect of development. It has bought and developed land, build roads, and other infrastruc-ture. It was heavily involved in site, into a large water park

ton, chief executive of Thomas Cook, however, the really clever thing the PDC did was build lots of houses (around 10,000) and offer them for rent. Thomas Cook was one of the Corporation's first hig catches in the service sector. The company moved its UK headquarters to Peterborough in the mid 1970s over a period of years. Today it has over 2,000 employees in a self-contained

CONTENTS

Proffie: Pearl Assurance makes its move

Development Agency: private sector to the tore
Profile: Perkins Engines

support Quality of life: success of old and ner

Profiles: RNIB. Pictures by Alan Harpe

to get one third of its then staff of 1,000 to move. And the fact that there was rented accommodation available was an important factor in persuading them to come.

There is a concensus that the Corporation's activities developed methodically and sensibly. It also looks ultimately to have operating profitably from the government's point of view. In the early days the Corporation had to lay large sums to get the infrastructure in place. Mr Hutton estimates that since the late 1960s, it has invested around fibn of which at least £450m was public money. Latterly, however, money has been flow-

ing in the other direction.

In the last full year(1978-88)
the Development Corporation's income from its property port-folio totalled £88m - £17m from rents and £71m from disposals. (These figures exclude housing subsidies). Expenditure totalled £33m of which £11m was on capital works. In the past, capital expenditure has reached £40m at present

day prices. When the Commission for New Towns comes to realise the assets it could garner up to 2100m. This would include some 200 acres of industrial and commercial land and some 36 acres of housing land. There is also over 1,000 acres of agricultural land some of which might be developed one day. What it would exclude is the

stock of 6,000 houses currently being rented. Under a complex formula, these houses will eventually be acquired by the City Council and then some of them sold off in line with gov-

ernment policy.
The Commission has also handed over £10m worth of lia-bilities to the City Council in the form of, community centres, landscaping and activity centres for play/youth provisions. To operate and maintain these properties, the Commis-sion is also transferring shops, offices and factories. The endowment covering these is expected to generate about £800,000 a year. As the Corporation winds up its operations, its job being seen as fulfilled, the question being asked is whether the town will continue to grow and attract more companies. There is no shortage of competition from other development areas to attract the

limited number of footloose companies available each year. The Corporation will no longer exist, but a Peterborough Development Agency has been set up to keep priming the pump. Unlike the Corporation. the Agency will not be involved in development but will concern itself with promo-tion. At £500,000, its budget is only half of what the Corpora-tion has spent. Mr Christopher Gibaud, the new director of the PDA, however is confident companies will continue to

He will be changing the cam-paign pitch. The Roman advertisments are to cease and he will be targetting property companies initially to try to persuade them to build facto-

ries and houses on spec. He, like other members of the Corporation, feels that Peterborough has reached critical mass, that there is now a physical and commercial infrastructure which will be selfgenerating. Mr Hutton says: For many years we were sell-ers in a buyers market. For the past two years we have been sellers in a sellers market. There are many companies

who now want to come He sees proof of this in the fact that two large insurance groups. Royal Insurance and Pearl insurance have decided to settle in Peterborough and build large complexes on greenfield sites in the business park. Pearl will be employing upwards of 2,000 people.

The legacy of the develop-ment corporation is substantial. "Peterborough has the roads, and infrastructure nec-essary to take it well into the next century." Mr Gibaud stresses. "There is plenty of commercial land available for expansion, and plenty of resi-dential land if it comes to

Partly because of proximity to London – electrification of the east coast line means it takes 47 minutes to Kings Cross and is therefore commutable - house prices as elsewhere in the South-East have rocketed in the past 18 months. They are still at a discount to central London however, and prices in themselves should not be a problem for companies

wanting to attract staff. The city looks set fair for further growth if at possibly a



ees and civil servants were the Corporation had done an "excellent" job. The Corpora-tion itself is quick to point out that it has always had the now, the council has been

got going in the late 1970s Peterborough was an railway town of about 80,000, with

Similarly Peter Brotherhood which employed 1,800 people at

man today.

To these older manufactur-

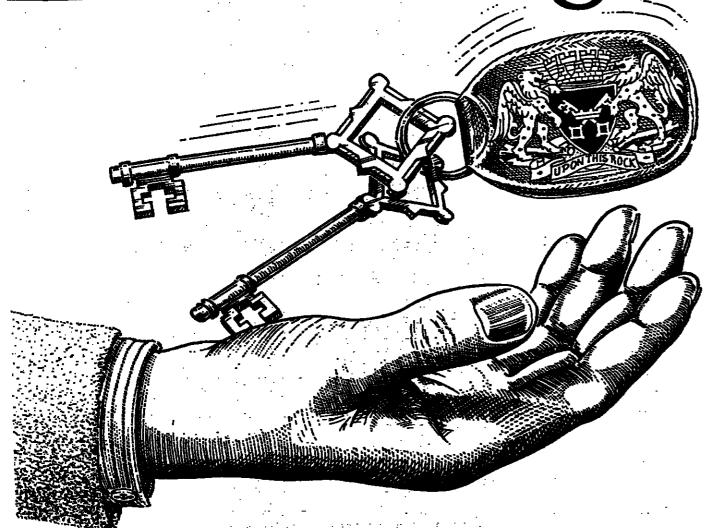
and recreation area.

According to Peter Middle-

complex which includes a bank, restaurants and sports

facilities Mr Middleton says that relocating a company is very trau-matic. It was vital that key employees move with the company, Thomas Cook managed

Peterborough Comes of Age.



In 1967, Peterborough, a market town centred on an ancient Roman site, was designated a New Town by the Government.

Today it is one of the fastest growing business centres in Europe. This dramatic transformation

was brought about through an enterprising partnership between Peterborough City Council, Cambridgesbire County Council and the Peterborough Development Corporation.

In 1988, thanks to the Corporation's guidance, Peterborough comes of age as one of the most dynamic business centres in Europe. And tomorrow bolds even greater

On Saturday October 1st, the Corporation is succeeded by The Peterborough Development Agency. The Agency will continue to encourage more business and

investment into the City. Over the last twenty-one years Peterborough bas witnessed a remarkable acceleration in growth, supported by over £1/2 billion of private investment. Surely a confident demonstration that The Peterborough Effect is working.

PETERBOROUGH EFFE

Por more information on bow The Peterborough Effect can affect your business, contact Christopher Gibaud, Director. Peterborough Development Agency, Stuart House, Peterborough, PEI 1UJ. Telephone (0733) 558816.

London links a factor

YES, BUT why Peterborough? I constantly asked as I did my rounds of businessmen, employees and council officials in the form

in the town.

A consensus emerged on three points: good location, communications and quality of

If one refined the question, and asked why a company or an individual should relocate in Peterborough rather than, say, Cambridge, or towns on the M4 corridor such as Reading or Swindon, then the arguments needed tuning a bit: they usually centred on the disadvantages of the other possible sites, rather than the distinct advantages of Peterbor-

But attractions of its own the town does have. It has always been usefully sited on the main north-south railway line up to Edinburgh. Last year the line from Peterborough to London was electrified, and it became possible to get to London in 47 minutes. This made the town commutable.

There are now approaching 2,000 people a day travelling to

London and back. This compares with 500 people five years ago.

Even for those who have moved completely to Peterborough, the fact that London is so close and convenient is psychologically important. It avoids the notion that a company is stuck in the middle of nowhere.

For companies like Thomas Cook, which moved to Peterborough in the 1970s, and Perkins Engines, which has always been in the town, this is a factor to be considered. It means executives can whizz up and down and see customers or do business, and return within

the day.

The road network is also good, particularly in a north-south sense since the Al runs up through the town and the Mil is not far off to the east.

Perhaps the weak link in communications is that the

road to the west, the A47 which links the A1 and the M1 where the two roads spread out, is inadequate. However, there are plans to improve this in the 1990s.

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Looking further ahead, there are good links with the east coast ports like Ipswich and Felixstowe with their access to mainland Europe. Stansted in Essex is due to be elevated as London's third airport in the 1990s and this, again, is convenient for Peterborough.

Other towns are close to airports, however. Crawley and Haywards Heath in Sussex, for example, are near Gatwick. Other towns have excellent road and rail links.

The fabled M4 corridor has a number of towns such as Reading and Swindon with excellent and close links with London, and they are not far from Heathrow Airport.

it is when making comparisons with other towns trying to attract newcomers that the Peterborough enthusiasts begin to talk about the quality of life.

When the Peterborough Development Corporation, which channelled most of the public investment into Peterborough, started out in the late 1960s, it seemed prescient in at least two respects.

It emphasised in its promotions that Peterborough was an old town, so that companies and investors would not be moving to greenfield sites. Second, it developed the town by building three satellite townships, Orton, Werrington and Bretton, which were largely self-contained in having shopping and social facilities, but it linked them with a series of looping parkways.

Inned them with a series of looping parkways.

One of the things the first-time visitor to the town is struck by is how easy it is to get around and how hassle-free is the travelling. It is easy to park at the railway station, it is easy to park at the railway station, it is easy to park at the Queensgate, the main shopping complex in the town centre. It is also easy to drive between the town and the townships since the parkways are rarely congested.

Compare this with Cambridge. When I asked a businessman how long it took to drive to Cambridge from Peterborough, he said it took 45 minutes but then it took an hour to park.

Not only are the roads not congested, but there is plenty of room for house building. The town is not hemmed in either by the sea or environmentally sensitive areas. There has been a tremendous inflation in house prices in the past 18 months. But it is still possi-

ble to buy three-bedroom houses with a garden for £100,000 in countryside or three-bedroom terraced Victorian houses in the town centre for £50,000 — these are at least half central London prices.

The Development Corpora-

The Development Corporation has done a lot in terms of developing leisure opportunities. It has converted Ferry Meadows, a set of old gravel pits into a water park. There is the River Nene for fishing.

In town there is ice skating, and virtually all other kinds of sports facilities. There is a theatre, two multi-screen cinemas, some pleasant restaurants and at least five hight clubs. To those who argue there are no serious music concerts except occasionally in the cathedral, the answer is that London is a short train ride

The quality of life has been important in enabling companies to persuade staff to move with them, and in getting key personnel to stay once they have transferred.

But the gradual development

But the gradual development of the AI corridor and the Mil corridor would perhaps not have started if the M4 corridor had not already been overcrowded

Mr Christopher Gibaud, the new Director of the Peterborough Development Agency, who was in Swindon before going to Peterborough, said that any company now looking at Swindon and Reading, say, would not be able to match Peterborough in terms of either a factory site or somewhere for its employees to live. These towns might be closer to airports and London, but they have become oversubscribed.

have become oversubscribed.

To the east the situation is different but similar. Although East Anglia is up and coming, certainly with commuters, Cambridge now has a surfeit of high tech companies and is beginning to overspill into Peterborough. The port towns like Ipswich and Felizstowe do not really have the space to

Peterborough is triply blessed by its geography, communications and the over-crowding of some of its competitors. The downside may come when Peterborough also becomes congested and companies look further north to Grantham and Doncaster — but that day is still some way off.

Stewart Dall



Pearl Assurance building in Peterborough

Profile: Pearl Assurance

Making big move from the South

already started to recruit local clerical and administrative

staff, expecting to create an

annual demand of between 200 and 300 jobs.

The company recently adopted a rather unusual approach to recruitment, head-

lined in a local newspaper

as:Commuters Wooed in Jobs Drive. Pearl staff were handing

out leaflets at local railway sta-

tions headed Why Flock to Town, showing pictures of sheep heading the same way.

The campaign is aimed particularly at skilled people, such as underwriting administrators

and building surveyors who

might have been unaware of the employment opportunities

in Peterborough. However, Pearl's investment

and actuarial departments will

remain in London, to retain a link for the group's connections in the City, while Pearl's 255 district offices, with direct

access into the computer facili-

be affected.
The High Holborn building and Pearl's regional offices are

likely to be retained. Estimated

redevelopment value of the present head office would be about £100m.

Alasteir Guild

THE DECISION by Pearl Assurance last year to move to Peterborough was the single most significant relocation of the new town's 13-year expansion. The 250,000 sq ft, 25m building on Peterborough Business Park will be canable of

ness Park will be capable of housing up to 2,000 staff.

The High Holborn head office, which Pearl had occupied since 1915, was in need of major refurbishment. But only a purpose-designed building, it was decided, could combine operational flexibility and efficiency and allow for the development of the most up to date computer systems.

The move out of London will, in addition, reduce Pearl's long-term expenses, saving film in annual running costs and f2m in London weighting. But Peterborough was not chosen from cold. The group's computer and accounts centre, and one of its regional offices, had been there since 1974. At

and one of its regional offices, had been there since 1974. At that time, 100 staff moved from London. Pearl's experience of Peterborough since then was one of the major factors in persuading the group to relocate both its chief office and the other five regional offices to the town.

Staff turnover was lower than it would have been for London, for example. The quality of the business park site was a further consideration.

In all, some 1600 staff are

In all, some 1,600 staff are being given the opportunity to move to Peterborough. It is anticipated that 500 of the staff will make the move, with those from regional offices, particularly Glasgow, more reluctant than staff already in or near to the South East.

the South East.

Recognising the considerable upheaval to the lives of many staff, Pearl set up a relocation unit to advise on issues such as housing and schooling. Once the decision had been taken, over 1,000 employees and their families visited Peterborough to inspect the new site and to familiarise themselves with the area.

The internal counselling ser-

vice to help staff relocate or help those unable to move is continuing this year and into next.

Though the new building will not be ready for occupation before 1991, Pearl has

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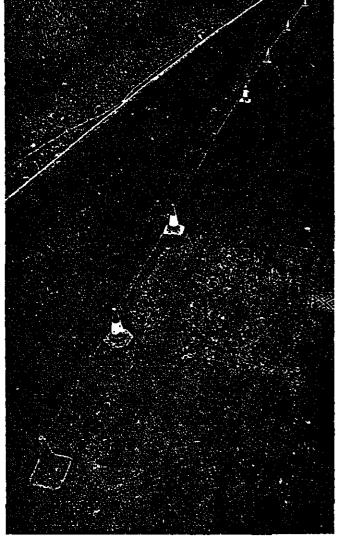
The Commission for the New Towns will benefit from the "Peterborough Effect" when it opens its offices in Peterborough on October 1, 1988. CNT will be taking over the industrial and commercial property assets of the Peterborough Development Corporation, and working closely with the Peterborough Development Agency to ensure continuation of the development that has made Peterborough England's most famous Roman City.

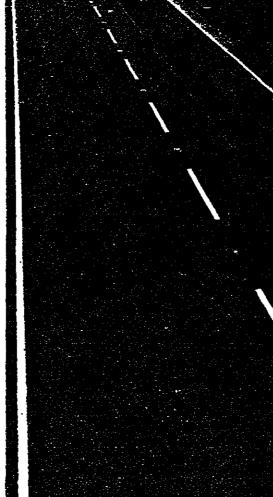
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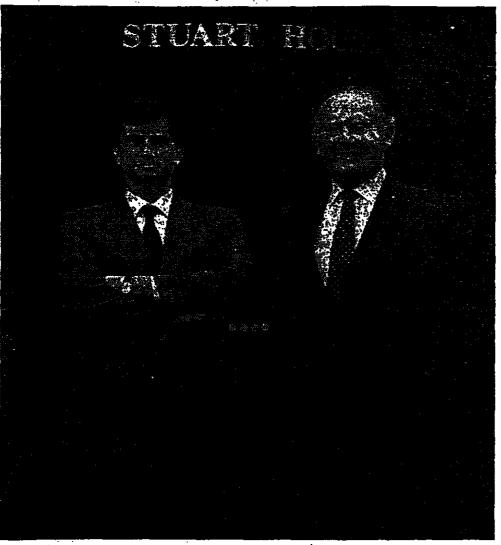
Separations

مِلَدًا منه الأصل

PETERBOROUGH 3

PETERBOROUGH DEVELOPMENT AGENCY

Private sector to the fore



Mr Chris Gibaud (left), director, and Mr Ken Hutton, chairman, of the development agency

PETERBOROUGH enters a new phase of its development next month. Gone are the days of massive public spending, whether on infrastructure or promotion. Peterborough is confident that the private sector, attracted by the city's buoyant business climate, will now carry the investment baton to the end of the century and beyond. The success of companies already in Peterborough will itself breed success, believes the Development Cor-

The signs are good. Private sector spending has already overtaken that by the public

sector. The past year saw a net jobs gain of 2,300, the largest in the development corporation's 18-year expansion programme. House builders evidently need no convincing that Peterbor-

pleted, or arrangements made for other bodies to complete them. Some of the PDC's staff will transfer to the CNT, oth-ers, such as architects and

no convincing that Peterborough will provide a good
return on investment, as house
prices continue to rise, with a
number of major schemes now
in the pipeline.

Most capital projects undertaken by the development corporation will have been completed, or arrangements made ago that the development corporation would cease to exist on October 1 prompted the curporation and local authorities to think of ways of keeping Peterborough's success known outside the area. Peterborough Development Agency, which also has the support of the Commission for New Towns, is

the result.

The PDA will have a total annual budget of 20.5m, one

engineers, will be retained as

consultants to complete tasks already started by the PDC.

not given way to complacency. The announcement three years

Nevertheless, confidence has

third of the PDC's promotional budget alone. The agency's staff totals six, compared with the PDC's present staff of 140. At its peak, the development corporation employed 880. "We aim to continue promoting Peterborough, though we will now be addressing a slightly different audience," says Kenneth Hutton, general manager neth Hutton, general manager of the development corpora-

of the development corpora-tion, and chairman of the PDA.

"We will be targeting property
developers and investors to
carry out development on land
being marketed by the commis-sion, and companies to buy
properties developed".

There are still 300 acres of
undeveloped land within the undeveloped land within the PDC's control which will pass to the CNT on October 1, and further parcels of land in private ownership around the city boundaries which could come forward for development. The agency has already set up a working group of industrial and commercial agents to exchange ideas about how best to market the city in the

future.
"The PDA will be a one stop.
Christopher agency," says Christopher Gibaud, director of the PDA. "It will analyse the services and resources that companies require, and put them in touch with all relevant organisations". It is building up a comprehensive data base on the local economy for the benefit of all clients, including information on the local workforce, labour rates, education and training, housing and other

amenities and services. Close liaison will be maintained with the local authori-ties, the CNT, estate agents and property owners, and information published and reg-ularly updated on the availabil-ity of properties and sites. The agency will arrange introductions between agencies and owners prepared to sell or lease industrial and commercial land or property and com-panies looking for sites.

"Close contact will also be maintained with local industry and commerce through associate member policy forums business seminars and newslet-ters," says Mr Gibaud. In this way, we aim to develop a mutual understanding of the local economy and an aware ness of potential opportuni-

Perkins Engines is investing heavily to maintain its world lead



Mr Richard Allen, director and general manager of Perkins Engines: "Staff have welcomed the new production technology

Sharp boost to productivity

its origins to engineering. Though service industries have now replaced manufacturing in general as the largest employ-ers in the expanded new town, engineering remains a key ele-

ment in its employment base. The site where Frank Perkins made his first diesel engines in 1932 may have been absorbed since into the giant Queensgate covered shopping centre, but Perkins Engine Group continues to be the largest single employer in Peterborough, and the world's lead-ing independent diesel engine producer.

It employs 3,500 on the 147 acre site, its world headquarters, including 2,500 hourly paid workers, with 2m sq ft of covered production space. From Peterborough, the company dispatches 275,000 engines each year, either complete or in kit form for assembly by its 16 overseas licensees. its engines are supplied for 200 different applications, in 160 countries, through 4,000 distribution outlets to 500 OEMs, including JCB, Caterpillar and Massey Ferguson. It has invested heavily in

capital equipment over recent years, including £100m over the past five years in automated cylinder head produc-tion, block production and test-ing, with an emphasis on automated assembly to build in quality and durability. Perkins has also put £50m

into extending its product range, with 10 additional prod-uct ranges launched over the last two years. It plans to con-tinue to invest £25m each year, split between capital and product investment.

In addition, many of its staff have been through retraining as engines have increased in complexity. The company has sought to involve hourly paid staff at the very early stages, laying on trips for operators to visit vehicle producers plan-

ernment awards for multi-skilling. Staff have welcomed the new production technology on site, says Richard Allen, direc-tor and general manager at Peterborough. They were consulted about the new factory layout and threw in suggestions for its development and installation New work practices, such as

multi-skilling, combined with capital investment, mean that the company is now producing 75 engines per employee each year whereas 20 years ago, the company was producing 25 engines per employee each

Particularly encouraging for Perkins future is the increasing popularity of diesel engines for cars, with production of one of its high speed ranges expected to increase from 20,000 a year to over 30,000 a year by next year. Other

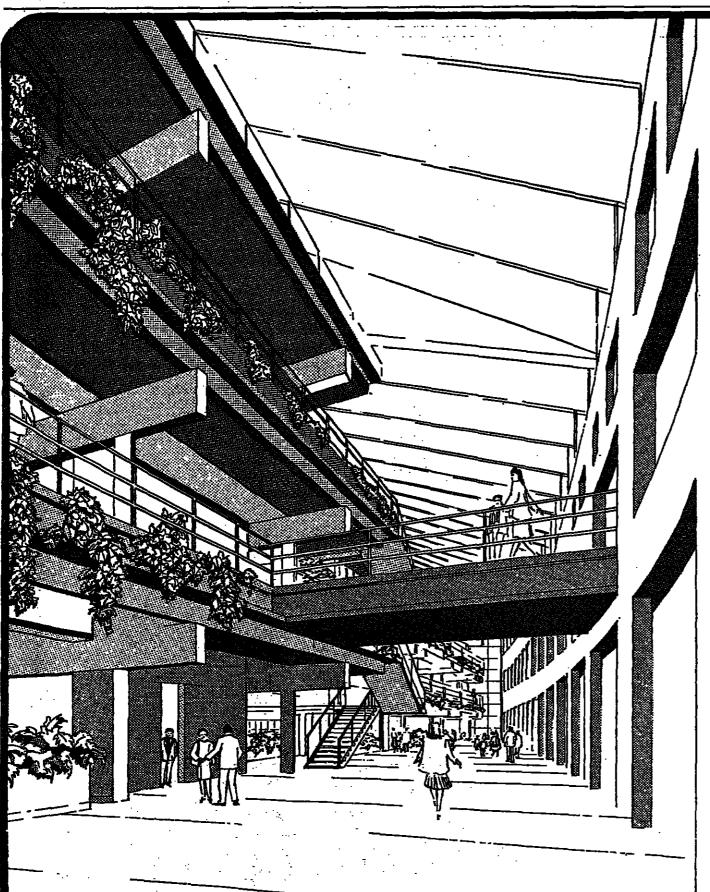
ning to use engines being developed by Perkins.

Perkins this year won government of the properties of of overseas collaborative ven-tures which would be expected in Japan and the US, for exam-ple. In a tie up with Detroit Diesel Corporation it expects North American sales to dou-

> ough workforce by 1,200 over the past three years, but there were no lay offs last year and the company is now starting to recruit additional staff to meet increasing home and worldwide demand.

There were some 900 applica-tions for 120 direct hourly paid vacancies, just filled, principally assembly and machine operators. It has been stepping up its graduate recruitment, and currently takes some eight technician apprentices each

Alastair Guild



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Business services have grown in parallel

An array of support

PETERBOROUGH'S growth as a location for a wide range of business types and sizes has been paralleled by a broadening of services to help companies take seed and grow. The latest evidence of the

city's maturity as a business centre is the decision by the first of the big eight accountancy firms, Arthur Young, to establish an office in the city. establish an office in the city.

"We saw a lot of Peterborough businesses which were
ripe for becoming big eight clients," says Mr Brian Waters,
managing partner of the firm's
Cambridge office, and the partner with overall responsibility for the new Peterborough office. "These were firms which had outgrown advice available locally, and needing to go through a process of

structural change". Arthur Young Cambridge was already servicing a number of substantial Peterborough businesses from Cambridge, such as Per-kins Engines, the publishing company EMAP and Peterborcompany EMAP and Peterborough Independent Hospital. In
the nine months since AY
established the Peterborough
office, it has generated more
than 20 new clients, expects to
double in size within the next
year or so and by the mid 1990s
to quadruple in size. The most
common advice sought by clicont is an extracturing rais. ents is on restructuring rais-ing finance for expansion, or management buyouts.

The Peterborough Enterprise Programme is another impor-tant source of business advice, though its services are target-ted at smaller fry, generally people wanting to start their own business. The vast major-ity of its clients are in the services sector. The agency is sponsored by over 40 compa-nies and the local authority, with a full time secondee from the National Westminster. It persuaded the city council to put up £30,000 three years ago as a guarantee fund, with the programme able to organise commercial loans upto £7,500. The scheme has been used only three times. "Once people know some help is available, that acts as an encouragement for them to help themselves," says John Duckworth, PEP's

PEP is also a partner with the Cambridge Enterprise Agency in the Cambridgeshire Financial Introductory Service, a marriage bureau designed to

groups".

The college now functions in



Mr Patrick Sheen (top) of P'boro college and (above)

introduce investors to people seeking larger amounts of money. The first meeting was last September when four out of five people presenting ideas were successful and have since started their own business. They included two Peterborough entrepreneurs, one mak-ing computer modems, another producing boards for testing components and circuits and esigning circuits. A small business group is

run jointly by the programme and Peterborough Regional College, just one indication of the college's close involvement with local business needs. Founded 106 years ago, it is a prime provider of industry's training needs. Now almost every course provided at the college is vocational. The 250 full-time academic staff teach up to HND standard and some students go onto higher degrees, with the college also discussing with polytechnics and universities how it might front end for their degree

"When we moved to this site when we moved to this site just after the war, the college was almost wholly engineering and building based," says Mr Patrick Sheen, the college's principal. "Since then, the growth has been predictable, with a provincipal to the control of the control of the college's principal." with an expansion on the financial services, accounment side. We run one of the largest diploma in manage-ment studies courses in the country. An insurance course, now with 120 students, is another example of how the

college is customer driven. Though there has been fast growth in the college's training provision in the financial services sector, PRC remains an important centre for electroncs, building and engineering. There are 200 students on its higher technician course in electronics, for example.

It is placing a senior lecturer with Peterborough-based engineering company APV Baker to be a focal point for training need analysis and to act as a link between the college and industry in the area of computer aided design and manufacture. "This will cost us money, but if there is a spin off in identifying industry's training needs as we expect then it will be money well spent," Mr

Sheen says.
The college is also detaching a member of staff for two years to look at integration within engineering, electronic engi-neering and control engineer-ing to match what the college

boundaries over four years ago, and started a debate about innovation, about how we could get ahead and stay We decided we would be more likely to be fast respon-sive if we worked in small

30 sections, each targetted on one market segment, with between six and eight academic staff per section. Their job is to know their customers and make sure the college is delivering what the customer wants. The maximum student size of a section is 16, though student size varies a lot. Section heads are elected by

staff. The college has intro-duced the concept of dual sourcing, to provide competition for sections. "There is a computing section and a financial services section, for example. But most of the financial services section are computer literate, so that if a company came to the computer section and it couldn't meet the company's demands and the company went to the financial services section for say spread sheet analysis, then the computer section could loose that busi-ness for good," Mr Sheen He sees a growing demand at

the same time for in-plant courses. The college will pro-vide purpose-designed courses or take standard courses in-plant. Companies are also calling on the college to provide foreign language training, with the college, for example, sending a linguist to an office to teach industrial or business Spanish to an engineer in a company thinking of exporting to Spain. The college has some 200 part-time specialist staff on its books, who can be called upon as and when the need

"We charge what the market will stand. We are competing with other educational providers, on a fixed price tender ers, on a fixed price tender basis. If we treat ourselves like a business, we are in a better position to appreciate our cus-tomers' needs," Mr Sheen says. The college's running costs stand at over £6m, about one quarter of that met from out-side sources

It has had sales teams out travelling the Far East for the last 12 months, has a full time marketing officer and two industrial liaison officers. It

now has 200 overseas students. PRC has been appointed also a training agent in North Cambridgeshire for the government's new training initiative, Employment Training, and it is also a major YTS managing agent. While the college pro-vides a link between education and industry in the area, a group has been running to encourage a sharing of experience between companies in the region.
The East of England Tech-

nology User Group, based in Peterborough, was formed to increase awareness of informa tion technology, providing a forum where participants can exchange information and experience. There are demonstrations of high-tech appli-ances in manufacturing and commerce and the opportunity to discuss problems with con-sultants and those servicing the industry.

The aim is to assist members to discover the latest cost-effective methods available to enhance productivity, and the best way to apply that technology to their own companies.
The group meets usually at
members' premises. There is a
short meeting followed by demonstrations of low-cost CAD-CAM, CNC and linked systems, office automation and communications, and frequently involving tours of premises. Nearly 100 companies and organisations, from Hertford-shire to Lincolnshire, and from the east coast to Leicester are full members with many others participating. Alastair Guild

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PROFILE: UNITED OVERSEAS GROUP

Surplus profits

ONE OF the most unusual companies to be drawn to Peterborough is the United Overseas Group, which has as its chairman, the colourful Mr Jeffrey Curtiss.

The group is what is known in the US as a "close out" company, but which in a UK context is probably better described as a surplus invantory company. Mr Curtiss, who started the group in 1976 with his second wife Madeleine. with £100 of capital, prefers to call the group a general trad-

ing company
Mr Curtiss, now 45, has been
a trader all his life. Having left school before he was 15, he worked in the main London markets street markets like Smithfield and Petticoat Lane , buying and selling. He graduated to driving around the country with a lorry full of goods, and then doing the

same thing in Europe.

After setbacks with his first business, the United Overseas Group really got going in 1979 when United Overseas Traders purchased a company called Novo Toys from the receivers of the large toy group, Dunbee Combex Marx.

The purchase price was \$450,000 and as well as all the stock the deal included a 10,500 sq ft warehouse and office property in the village of

Maxey, near Peterborough.

Thus the Peterborough connection was established. Over the next few years United Overseas needed more and more space, warehouses were bought and sold. Last year, the group agreed a deal with Per-kins engines under which a 160,000 sq ft factory and ware-house were purchased and some 70,000 sq ft leased back to Perkins. The remainder will form the new corporate headquarters of the growing group.

In essence, United Overseas buys surplus or discontinued lines from large retailers or manufacturers and then sells them to different markets. It also involves itself in counter trade and barter. If a range of tolletries has run its course, for example, or a line of toys is being re-labelled or re-pack-aged, then the United Overseas will buy out the unsold stock, and sell it at some stage in

The guarantee to sell elsewhere is the key, according to Mr Curtiss. "Our business is based on trust. A customer must know that if he sells us surplus stock we are not going to dump it on his existing mar-kets. We must find other outlets for it".

Mr Curtiss denies that United Overseas is, in any sense, a factoring company. "We act as principals," he says. Questioned on whether his company is not often left with they occassionally get a mar-ket badly wrong, Mr Curtiss replied: "No, everything goes eventually. I am not concerned



bout carrying stock, stock can preciate in value. The trick is knowing the markets very well and matching up customers and supplies. To give just two examples, Mr Curtiss recently bought a batch of calculators from Bul-

garia. He paid for them party in cash but largely by export-ing much sought after toilet-ries. In another deal, Mr Curtiss bought a large number of post office uniforms which had been rejected for use on design grounds. They cost £15 each to make, and he paid £1 for them. He has not sold them yet but he is confident he will.

"These will probably go down well in an African couyntry. We'll get our representa-tive in Kinshasa or in Kenya to look at the possibilities," Mr Curtiss said. United Overseas deals with

about 400 suppliers covering literally thousands of different items. Mr Curtiss says that even the best most brilliant marketing men cannot get everything item exactly right. Selling into a market worth, say, \$100m, a company cannot be expected to guess the strength of the marketto

within 99.9 per cent accuracy. What it does not sell, we buy. Mr Curtiss says the company does have a negative cash flow, but that it is profitable. In the past year, turnover was around £14.5m and profits before tax

were 2850,000.

Mr Cartiss is hoping to bring the company to the Unlisted Securities Market soon. He thinks the potential is enormous he is looking for turnover of up to £25m in the next few years. At the moment he thinks his company is the larg-est of its kind in Britain and probably in Europe. He says that in the US there

are a number of "close-out" companies with turnovers of more than \$1bn each. He does not envisage his company get-ting that hig in the foreseeable future but easily sees turnover reaching £200m. He does not think the company will branch

think the company will branch out into direct retailing or manufacturing but see the group's current activities just growing and growing.

Asked whether city analysts, when looking at the company for listing purposes, would conclude there are limits to growth because of the management of the curties. ment structure, Mr Curtiss

denied tructure, are cut has denied be was a one-man band.
"Everything is now computerised," he said. He has also been building up a management team. "I try to get my partners involved in the group with share options and profit sharing and the like. There is too much temptation for people to learn the business here and then go and set up on their

The company now employs 42 people in total and "several" people who do exactly what he does. I think city analysts will be wary, feeling that the busi-ness is high risk. But once they come here and se how solidly-based the company is, they will probably be keen."

Mr Curtiss lives in Windsor and so has one and a half hour commute each day each way. Why does he keep the business headquarters in in Peterbor-ough? "Well, I received a very good deal when I first came a rent free period from the receivers on the factory. The Corporation here has always been helpful. It is very conve-nient for the east coast ports like Felixstowe and Ipswich.

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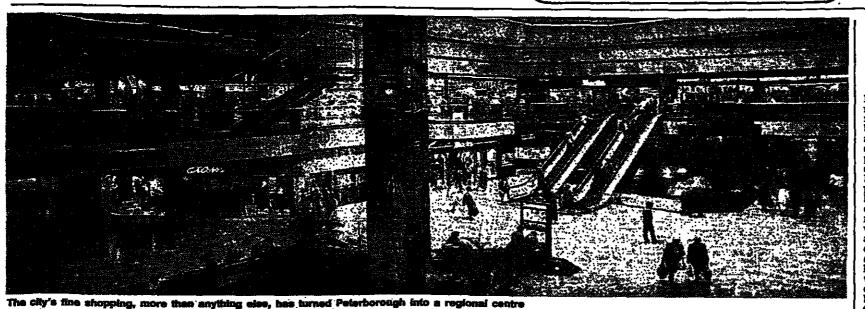
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PETERBOROUGH 5



The city's quality of life has become one of its key attractions

successful blend of old and new

regional centre for an area which until recently had none. As an attractive but small cathedral city it could hardly have supported the cultural, sporting and shopping facilities which now thrive, or merited the range of housing types available. Talk to any recently arrived businessman, however, and he will say it was the quality of life which, perhaps above anything else, brought him and

his workforce to the town. "Peterborough used not to be big enough to attract a depart-ment store, or to support canned entertainment or a decent night club and was very short of parkland, surprisingly for a town surrounded by country," says Mick Field, of the Development Corporation. "So Peterborough was smart in doing a kind of deal. It said we will be good neighbours to London, and, in return, get the

facilities we need."

An ice rink, Britain's first indoor cricket stadium and a rowing and canoeing course are just some of what Mr Field calls the nice surprises of the

But Peterborough, and the surrounding countryside, is a hlend of old and new, a blend no more apparent than in the largely pedestrianised city cen-tre. Much of the historic architecture of the streets leading off the cathedral precincts has been preserved, and the latest monument to Peterborough's riverside inn alongside the success, the award winning main scheme. Queensgate covered shopping centre, cleverly concealed behind the attractive street facade. It is shopping, perhaps more than anything else, which has turned Peterborough into a regional centre for people from a radius of more

The West Rivergate, the latest addition to city centre shopping, has, like Queensgate, been designed to make the most of Peterborough's heritage. The £25m project, the second biggest scheme in the entire city expansion programme, will transform the southern gateway to the city

dominantly a shopping scheme based on the complete restoration of old buildings combined with a large element of new shops. But the 11 acre site, next to the River Nene, will provide an opportunity to upgrade the riverside frontage, and include licensed premises, housing and car parking.

The development corpora-tion promoted the development, which will be carried out by private developers Spey-hawk in conjunction with the Dee Corporation, parent com-pany of the Carrefour/Gateway chain. It will have a superstore West Rivergate. Approval has also been given to a pri-vate individual to develop a

The made around the centre are the hub of a sophisticated road network connecting areas of housing and business to each other and to the national road network. Those company executives and workers can-vassed said that traffic jams vasses sain that tame jams are virtually unknown, even at peak times. Roads, footpaths, and extensive cycleways have been generously landscaped with trees and shrubs. Over 2m of them have been planted by the development corporation, more than 100 for every family, helping to screen residential and commercial areas from

Plants have been taking root in the new townships also where most of the city's new homes have been built. These are distinctive neighbourhoods with local shops, schools and playing fields nearby. Residents are encouraged to make use of school facilities as a community resource. Some localities also have dental surgeries and general practices.

The latest major housing proposal, recently granted per-mission by the Environment Secretary, is for a £31m, 5,000 home township on reclaimed bricknits. Private housing represents 60 per cent of Peterbor ough's housing stock. Prices

range from £40,000 upwards, with the £250,000 barrier the countryside. This is now being managed by a trust. recently broken for a develop-For the culturally-minded, ment of five-bed dwellings, with two bathrooms, exten-Peterborough bas its own sively fitted kitchen and space for two cars. The development

corporation has sought the

best design and layout through

competition among developers, particularly at the top end of

ough have not yet reached the level of the South-East as a whole, and Rast Anglia which

has had the highest house price increase of the whole

country over recent months. That should remain true for some time, with new schemes

coming on stream at a rate of

1,000 homes a year, though Peterborough and surrounding

villages are becoming increas-

ingly popular with commuters to London. The most imminent shortage is likely to be felt by

Leisure interests have been

well catered for. Peterborough

now has two 18 hole public golf courses, lakes with trout fish-

ing, a 2,000 acre park with

larger lakes for water sports, bird sanctuaries, nature trails

and other countryside ameni-

ties. The development corpora-tion developed and ran a coun-

try park, used by many school's study trips, introduc-

ing children to the richness of

first time buyers.

the house range.

orchestra, supported by the Arts Council. Members work with amateur operatic societies, teach in schools and coach the city's musically-gifted chil-dren. The corporation has been sponsoring the Roth Quartet, which was the British entry in the European Broadcasting Union's triennial competition for string quartets.

An arts centre, which hosts concerts, theatre and exhibi-tions, and other events, is developing projects which take artists and performers out into the local and city wide community. Peterborough is also to get one of the country's most modern libraries, built by the county council at a cost of But Peterborough has not

ignored the weak in body. Its two general hospitals have a total of 800 beds. The district hospital is a teaching hospital with an intensive care unit, accommodation for baby care and pre-convalescence and geriatric patients, a large maternity unit and extensive outpatient services. There is also a 44-bed hospital, established by a consortium of local consultants to provide treatment for private patients.

Alastair Guild

PROFILE: ISOWORTH Sophisticated sips

ISOWORTH, SAYS its managing director, Derek Harris, is an example of "the Cambridge phenomenon" accelerated by "the Peterborough effect". The company's dispenser of carbonated soft drinks, developed in Cambridge, is going into full scale production on Peterborough's business park. The company's origins lie with Ian Aldred, now a non executive director, who worked for Sodastream, another Peterborough-based another Peterborough-based company making home drinks dispensers. He believed the home drinks-making market would move to a more sophisticated level than that addressed by Sodastream. He left Sodastream in 1982, started Isoworth in 1983 and recruited John Scott from Cambridge Consul-tants to head a small product development facility near the development facility near the city. A prototype was up and running by the end of 1985. "Cambridge was a very expensive place to be, and Peterborough was the nearest area with readily available factory space at sensible costs," says Derek Harris, who was himself at Sodastream for eight years, before working in the venture before working in the venture capital industry as a chairman and director on the board of a number of start ups. "The whole environment in Peter-borough is more suited to sup-

when Isoworth moved to the new town, it took a 2,500 sq it unit rented from the development corporation on a 10 year flexible lease. "So as we grew, and anticipated further growth, we were able to move into a 10,000 sq ft unit and hand back the smaller unit to hand back the smaller unit to the corporation; and the corpo-ration reserved a further 10,000 sq ft of space next door for us rent free for one year. In addi-tion, the first three months in both units were rent free."

The company retains a small research base a few miles from Cambridge. Much of the research and development work is done in house but it has had a lot of assistance, particularly on the electronics side from facilities available in Cambridge, tapping into Cambridge Consultants, other research laboratories and the

university as need arises.
Most of its present Peterborough based staff of 34 have been recruited locally. It has a technical team of eight working on improvements to the



Mr Derek Harris, isoworth MD

design and ways of adapting the technology to other market areas within soft drinks dis-pensing. It employs 12 on the production line. "One of the biggest advantages of Peterbor-ough is people's attitude to work, much more positive than I've found anywhere else in the country. Peterborough's pleasant environment has, I believe, a major bearing on people's attitudes," Mr Harris says. Good rail communications were also an important factor. particularly for the company's sales staff. The dispenser is currently available in Boots and Rumbelows stores in an area from north London across to Birmingham, with distribution soon to extend south of the Thames into Sussex and Surrey. It is also stocked by Harrods and will soon be in major House of Fraser outlets. "Most of the major store groups' buyers are based in London, so the fast train service is used regularly by sales staff." The company is now producing 300 machines a week, has a production target of 6,000 machines by the end of the year. It expects a rapid build up in production in the pre-Christmas phase, and plans

Isoworth sees the scope for the machine in the UK to be enormous. Soft drinks are the

to have nationwide distribu-

tion in place by Christmas

item, with a current annual value of £3bn, and growing by between 6 and 7 per cent each year. Some 70 per cent of soft drinks are consumed in ready to drink form at or from home The company is also exploring overseas potential for the machine. It recently completed extensive market research in West Germany, for example, the third largest soft drinks market in the world after the US and Mexico, and found the

results very encouraging.

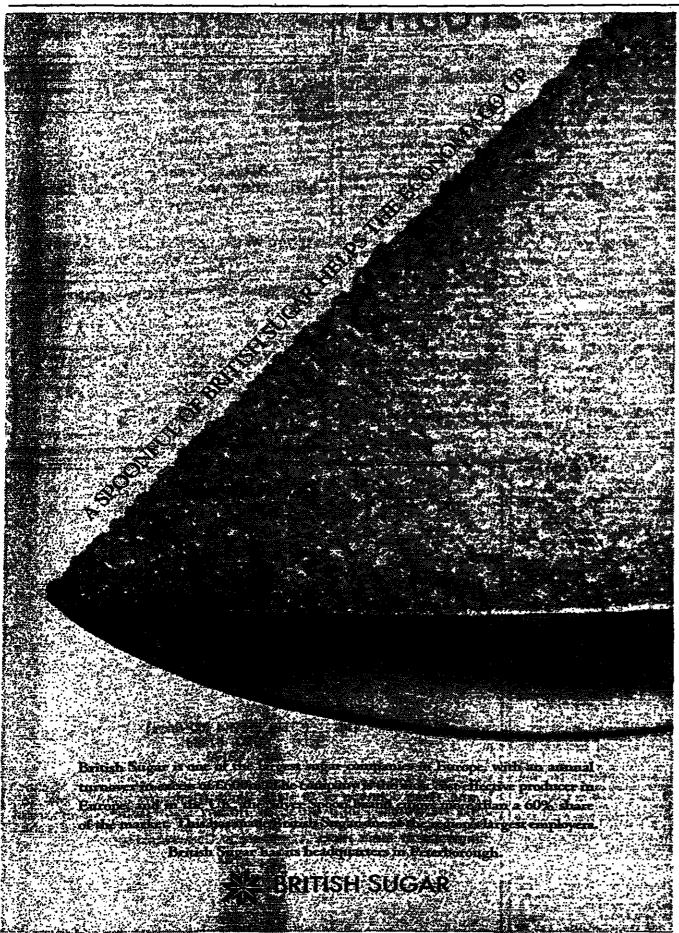
The cost of drinks from the dispenser are roughly on par with what the consumer pays for each drink from a two or three litre bulk plastic bottle from the supermarket, while the quality of drink from the dispenser is equal to that from a can. But, says Derek Harris, the dispenser reduces the amount of packaging, and is more convenient for the consumer. The German research showed that households saw the machine as a serious kitchen appliance, and likely to replace all of their soft drinks

We are aiming to have a dispenser in one in three homes in the UK within 10 years. I don't think that is impossible by any means. New Zealand, Israel, Iceland and Denmark have already reached

that level of use' Isoworth raised £5m from institutional investors in a far invested £100,000 in its Peterborough plant, and £500,000 in tools for making plastic moulds and plastic mouldings sourced elsewhere.

"By the end of next year, we will need to move to some-where bigger," says Derek Harris. Within two years, the com-pany could be employing several hundred people. There are a few pieces of land of sufficient size in Peterborough for such expansion. We will make a decision by Easter next year as to where to move to. "If the business grows to anything like the size we expect, then almost inevitably we will need to manufacture elsewhere, but we want to keep our principal manufacturing facility in Peterborough. We do foresee the day when there may be shortages of labour, but the advantages of Peterborough are enormous."

Alistair Gulid





Beazer Homes & Property Ltd., Beazer Home, Lower Bri

PETERBOROUGH 6

The Royal National Institute for the Blind

User-friendly home for £30m enterprise

A RATHER unusual very much mail order, so we production and distribution operation is moving to Peterborough. And the buildings space in Great Portland borough. And the buildings Street, says Mr Wright, "The braille music publications operation is moving to Peter-borough. And the buildings Street," says Mr Wright. "The themselves are user-friendly in fact that we had a warehouse an unusual way, designed to meet the needs of the visually

handicapped.

The Royal National Institute for the Blind, with a turnover of £30m, has already transferred its production and distribution centre from central London to the eight acre site. The next phases of the 58m development, due for completion next April, will house all RNIB's braille transcription and printing, Moon production, cassette library and equipment and games distribution. At present, these services are scat-tered around sites in London

Special thought has been given to paint work, floor cov-erings and lighting to make it easier for blind workers to navigate around the building. Of the RNIB's 40 employees already in Peterborough, eight are visually handicapped. "We would like to see at least one third of the eventual total of 180 jobs at Peterborough filled the visually impaired," says Maurice Wright, head of RNIB's technical consumer ser-

With a turnover of £9m, technical consumer services, one of three operational divisions, supplies a wide range of goods and services to help blind people with practical tasks and lei-sure pursuits. They include items in braille, Moon and andio tapes as diverse as Radio Times, textbooks, letters and bank statements. Its customers for that last service include Barclays, Lloyds, Midland, Bank of Scotland and Access. This year it supplied 15,000 large print and 20,000 braille

The 1988 equipment and games catalogue features over 500 items, ranging from needle threaders, through easy-to-see and braille wrist watches to a and braille wrist watches to a braille and Moon production range of games and talking facilities, at a cost of film. Last

shortlist of Milton Keynes, Northampton, Cardiff, Telford, Swindon and Peterborough.

moving goods out quickly.

Peterborough offered a suitable area of land at reasonable prices with good communica-tions, says Michael Caudrey, associate director with Clark Whitehill. The Development Corporation's attitude towards

Blind customers are already experiencing major improvement

our enquiries was extremely helpful, streets ahead of any of the other development corpora-tions we approached.

The PDC offered rented

accommodation for any staff moving to Peterborough and said it would carry out any necessary modifications to accommodation for blind peo-

ple free of charge. "The move out of London will save substantially on accommodation costs, and will also result in staff savings though the proportion of visually-impaired to sighted employees will increase," says Mr Caudrey. Blind customers are already

experiencing a major improve-ment in the level and quality of service offered, with the turnaround on orders for items from RNIB's equipment and games catalogue reduced from three or four weeks to a matter of days. The institute has also taken the opportunity to invest in the latest, computerised throom scales. year, 1,000 new braille books "Our sales organisation is were published, 25m pages of

made available.

in W1 was obviously stupid, and the layout of the building was clearly not condusive to However, the RNIB tends to deal in small runs of books, between five and 20 copies of each title. "The preparatory The RNIB asked a firm of costs using conventional printmanagement consultants to ing techniques are usually advise on alternative locations. very high for the numbers of Clark Whitehill drew up a any title we are able to sell." says Mr Wright.

"But we are moving more and more towards using digital copies of books from publishers, and feeding them through our conversion systems. We will be able to rattle off a copy of a book on demand, in any form, which means, in addition, that we don't have to hold massive stocks.

Peterborough will also house the RNIB's development laboratories, where equipment is adapted for the visually impaired or new types of aids are worked up to a prototype and tested. Engineers often liaise with commercial producers on development. "Compa-nies in and around Peterbor-ough have said that they would be more than happy to help with our development work if they have the appropri-ate skills," says Mr Wright. However, the talking book

service will remain in Wembley, from where over 50,000 cassettes are malled out every week. Over 67,000 people read these books which are recorded by professional readers in the RNIB's own studios at its Lon-

don headquarters. Its headquarters will also remain in London. "We need to keep in touch with developments which could affect blind people," says Mr Wright. The RNIB is at present in discussion with the Bank of England about the new bank notes soon to be issued, for example, and is also concerned with how electronic funds transfer will affect the visually-impaired shopper. It also lobbic ment on changes in legislation.

Thatcher, the Prime Minister

and Mr Nigel Lawson, Mr Salis-

bury said he sided with Mr

Lawson. "Things were very tough in the early 1980s, with

the pound at \$2.40. For long

have a stable exchange rate to base your forecasts on".

The company was very pleased earlier this year when it was given the Nato Agap 1 award.

Peter Brotherhood reckons this the UK Ministry of Defence's

most comprehensive quality

Mr Salisbury said: "Aqap-1 is important not just in dealing with government contracts but in many overseas deals where customers want an assurance

of the company's commitment to quality. The Agap-1 certifi-cate will help us in business all

The company is now trading profitably. Mr Salisbury says

an important factor in this has been the commitment of the workforce. "We have not had

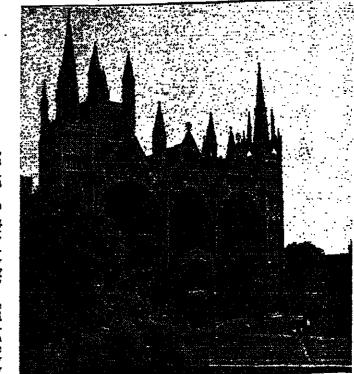
one serious dispute in recent

When he accepted the award,

assurance award.

around the world".

Quality is also important.



PRTERBOROUGH Cathedral. which with Durham and Norwich, and Tewksbury Abbey, is widely acknowledged as one of the outstanding examples of Norman architecture in the

country, is seeking to raise £1.8m on its 750th anniversary. Each year, the cathedral attracts 200,000 visitors. "We are not facing an immediate crisis on the scale of Ely, but we are trying to prevent such a crisis occurring," says the Very Reverend Randolph

Wise, the Dean of Peterborough. All cathedrals, as they are affected by wind and acid rain, now have to go in for continuing

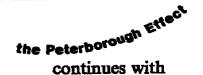
The site has been a place of Christian worship for over 1300 years. A monastic church, founded by Peada King of Mercia in 655 AD was destroyed by the Danes in 870. A second church, the Minster

of a Benedictine Abbey, was built by King Edgar and consecrated in 972, but that too was destroyed in an accidental fire in 1116. The present building was begun in 1118 and consecrated in 1237 or 1238. In 1539, Henry VIII suppressed the larger monasteries, including Peterborough, but chose to preserve the building, raising it to the status of the Cathedral Church of the new Diocese of Peterborough.

Mary Queen of Scots was also buried in Peterborough in 1587 after her execution in 1587 after her execution at Fotheringhay, though after 25 years her body was removed to Westminster Abbey on the instructions of her son, James VI and L

The appeal has so far raised 26,20,000, with the appeal effort being directed increasingly at Peterborough's

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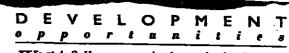
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PROFILE:PETER BROTHERHOOD

A tough turn-around

one of those engineering con-cerns which has long been associated with Peterborough and in the 1960s was one of four main employers in the

In the 1970s, in common with others, it experienced tough times. Yet in retrospect, those years can be seen as ones of drift, and overmanning. Competitiveness was eroded and, with the shake-out in manufacturing industry during the early 1980s, Peter Brother-hood started falling into the red and experience cash flow

According to Mr Philip Salisbury, the company's managing director: "By 1981 the markets

PETER BROTHERHOOD is had just disappeared. There were all sorts of specific problems. Marine engines, for example, were badly hit by the rise in oil prices. But, in general, we found the markets

were no longer there." The company found it was with new Japanese and Korean manufacturers. But also, Mr Salisbury said, the company, like others, had taken things for granted and had simply not gone out into the world and sold its products.

The company was saved, so to speak, when it was taken over in 1983 by Thermo Elec-tron Corporation of Boston Massachusetts. "This gave us financial creditability and the time to bring about the neces-sary restructuring," Mr Salis-

Today, with the company slimmed down, sales break down roughly into one third steam turbines for marine and industrial applications, one third gas compressors for petrochemical and process industries and one third special purpose machinery built to customers and joint design.

Between 65 and 70 per cent of all the products manufactured are exported.

The company was turned around in two ways. The com-plete vertical integration of of the company was stopped. Second the workforce was shrunk and productivity steeply increased. "It is very difficult, I think, for engineering compa-nies to be fully integrated," Mr

Salisbury said.
Peter Brotherhood closed down its foundry and its fabrication shops, and generally reduced capacity. The com-pany now buys in 98 per cent of its components. Competition is very fierce among suppliers. The company drives very hard

deals on price, quality and delivery dates. THe other efficiency drive concerned the workforce. This is now down to 400 compared with 1,700 when Mr Salisbury joined the company in 1981.

Output per man, which is the yardstick the company uses to judge productivity has increased from £15,000 in 1980

to £45,000 today.

The going is still tough. Mr
Salisbury believes the company cannot compete on price. "I don't believe in price inflation in this business. Inflation is something you build into civil service pensions funds," he said. The only ways the company can compete in world markets is by reducing costs and maintaining quality.

"I can give you examples of Japanese and Taiwanese com-panies in our field who are not selling their products at cost in some markets". Peter Brotherhood is competitive, but Mr Salisbury says he would wel-

Two years of dramatic growth

Next month, it will be two years since the merger which led to the creation of Norwich and Peterborough Building Society. Chief Executive, Martin Armstrong, reviews a dynamic period of development, which has included the opening of the new Administrative Centre, at the Peterborough Business Park, by Her Majesty The Queen:



Assets have increased by over 50% in the past two years, and have recently broken the £700 million

The range of services on CASH COUNTER GOLD, the Society's high interest current account, have recently been increased to include a £100 cheque guarantee card and £500 automatic overdraft

Stockbroker acquisition On 17th October 1988, Norwich and Peterborough will complete the acquisition of leading East Anglian stockbrokers, Waters Lunniss.

Waters Lunniss will continue to provide private clients with a personal service of portfolio planning and investment advice. In response to customer demand, Norwich and Peterborough has set up an instant share dealing

will enable customers to take advantage of the expertise of Waters Lunniss. Very competitive fees are being offered to

service at each of the Society's 64 branches. This

holders of CASH COUNTER GOLD accounts. The commission charge, for an execution only service, is 1%, with a minimum of \$20 and a maximum of £80 per transaction (plus VAT).

Norwich and Peterborough Insurance Services Limited was established in February 1988. The company offers independent advice to individuals and professionals on insurances, pensions and mortgages. It is a member of FIMBRA. Estate agency network

Financial services subsidiary

The first branch of Norwich and Peterborough Estate Agency Limited was opened in October 1987. The network now covers five offices and further expansion of the business is planned. A very high standard of service is being given to sellers and buyers.

High quality management team We have a highly professional management team, who will continue to seek business opportunities which will further strengthen the Norwich and Peterborough group.



OSPREY .

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Nowich and Peterborough Estate Agency Limited, 34 Long Causeway, Peterborough PE1 17J. Telephone: Peterborough (0733) 555522 forwich and Penerborough Insurance Services Limited, 35 Prince of Wallan Road, Norwich NR1 IBG. Telephone: Norwich (0603) 761308.

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